

Europe Confronts A Wish Fulfilled

Problems Raised by New Influx Are Spreading Beyond Berlin Wall

By Craig R. Whitney
New York Times Service

LONDON — As thousands of East Germans continue to pour into West Germany from Czechoslovakia, the European Community is beginning to ponder implications of something the West has demanded for 28 years: the demolition of the Berlin Wall, built in 1961 to keep East Germans from fleeing to the West.

In effect, by allowing its citizens to travel without restrictions to Czechoslovakia and cross the border to West Germany with no more formal papers than their identity cards, the Communist authorities have begun to tear the wall down, as Western leaders have urged since it was built.

An East German Communist Party official, Johannes Chemnitz, told reporters in West Germany last week that the wall had become "at least of limited significance, and illusory," since other East European countries had opened their borders.

Klaus Böhling, a former head of West Germany's diplomatic mission in East Berlin, said, "It does in fact look like the end of the wall, though I don't think it will actually come down unless the new leader, Egon Krenz, decides he doesn't need to use

repressive measures," something West German government officials still are not sure he will not resort to.

If East Germany indeed no longer intends to prevent its citizens from leaving, the issues go beyond the obvious — the possible eventual unification of the two German states.

"Renunciation on West German soil," as some German politicians call the possibility of

mass migration of half a million or more East Germans, would also affect other West European nations.

Since East Germans acquire instant citizenship in the Federal Republic of Germany, they also become citizens of the European Community, free to travel and seek jobs, housing and, eventually, welfare benefits in any of the other 11 member countries.

Most of those who have arrived so far this year have been young people with easily marketable skills who have stayed in West Germany, because of the language barrier. Some have gone to the Netherlands and other neighboring countries to seek work.

But what would happen if a

See EUROPE, Page 4

East Germans Flee by Thousands As Regime Relaxes Curbs on Travel



A line of East Germans in Trabant cars waiting Sunday to cross the Czechoslovak border into Schirnding, West Germany.

Pledges of Reforms Fail to Slow Exodus

Compiled by Our Staff From Dispatches

BERLIN — Thousands of East Germans skeptical of promised changes at home streamed into West Germany on Sunday through the first open route to the West since the building of the Berlin Wall.

The Germans were fleeing even as the government announced that it would liberalize foreign travel by giving passports to citizens and issuing visas for trips abroad within 30 days.

At the West German border, the police said that the exodus through Czechoslovakia would surpass 12,000 by the end of the weekend, the biggest of four refugee waves since Sept. 1989.

The East Germans are leaving — and participating in demonstrations by hundreds of thousands in cities throughout the country — despite an extraordinary series of promises of change by the Communist leadership.

Up to one million demonstrated in East Berlin on Saturday to demand "action, not words."

In announcing the changes in travel requirements, Interior Minister Friedrich Dickel said that people would be punished only if they "directly violated the borders" — an apparent reference to attempts to scale the Berlin Wall or to cross over fortifications on the inner-German border.

Mr. Dickel, speaking on state television Sunday, gave details of a draft law on foreign travel to be published Monday. He said that the expected parliament to decide on the law by Dec. 2.

East Germans would be given visas valid for 30 days of foreign travel a year, he said, but the amount could be extended. People who urgently needed to go abroad could be given visas within three days, or even sooner if there were family reasons.

Egon Krenz, the new East German leader, has pledged other major changes including a constitutional court and alternative military service. But he has not yielded to the overriding demand of the protest movement — that the Communists give up their monopoly of power and submit to competitive elections.

A line of cars stretching five kilometers (three miles) waited at the West German border before dawn Sunday as East Germans took advantage of the decision to open the Czechoslovak border to the West.

"It is as if the Berlin Wall had come down," a West German official said.

Border police said that there were 9,000 arrivals between Friday and Sunday afternoon, and that at least 3,000 more were arriving on special trains from Prague.

More than 173,000 East Germans have fled to West Germany this year.

A steady flow of East German cars crossed Czechoslovakia's western Bohemia region, a small triangle of land between the two Germanys, leading for West Germany.

Czechoslovak border guards allowed the refugees through the two border control points without special documents under an accord reached with East Germany on Friday. The accord is expected to remain in effect until East Berlin adopts the new law on travel.

A few of the thousands of East Germans entering West Germany planned to return home, apparently encouraged by Mr. Krenz's promises. Others simply wanted to see if it was possible to go West and be allowed back.

"We are making a real revolution in East Germany and I want to go back," said Paul Kuhn, a 21-year-old rock musician from Weimar, riding his motorcycle across the border near Chemnitz leading to Schirnding, West Germany.

But most of the East Germans were traveling across Czechoslovakia without looking back.

A 24-year-old East Berlin electrician hitch-hiked to the West German border and planned to keep going. Asked about changes in his homeland, he replied: "It will take too long. I'll be old by then."

The Czechoslovak border was opened after 5,000 East Germans filled Bonn's embassy in Prague to overflowing for the third time this autumn in an effort to gain passage to the West.

Czechoslovakia was the only country to which East Germans could travel without special permission until their government suspended this freedom last month to halt the exodus. Visa-free travel was reinstated Nov. 1, prompting the new wave at the embassy.

At least 500,000 demonstrators jammed East Berlin on Saturday for the largest rally so far in what one speaker called a "revolution from below."

Some estimates put the crowd at more than a million, and by any count it posted another milestone in a mass movement that has filled the streets of East Germany virtually daily with numbers unprecedented in its 40-year history.

The throng in the East German capital marched down broad boulevards through the city center with a thicket of placards, finally engulfing Alexanderplatz, a vast plain of concrete at the heart of East Berlin, for a series of speeches.

And like all the demonstrations since the state first lifted the police on Oct. 9 and allowed people to protest unmolested, the authorities did not interfere and the four-hour rally was disciplined and peaceful.

In the spirit of media openness that has spread over the last four weeks, the entire demonstration was broadcast live over East German radio and television.

Most of the placards, and the statements from the speakers that

See FLEE, Page 4

MONDAY Q&A

Walter Mopper, the mayor of West Berlin, who says the Berlin Wall has become irrelevant.

Page 4

Kiosk

Horowitz Dies In N.Y. at 85

NEW YORK (Reuters) — Vladimir Horowitz, one of the century's preeminent pianists, died of a heart attack Sunday at his home in New York, his manager said. He was 85.

Mr. Horowitz, born in Kiev in 1904, went to the United States in 1928 and played his first concert seven days later. By 1978, President Jimmy Carter called him "a national treasure."

A towering figure of international music, Mr. Horowitz was noted for his dynamic interpretations of Liszt, Rachmaninoff and Chopin.

Obituary, Page 3

4 Hanged in Iran

NICOSIA (Reuters) — Iran said Sunday that it hanged four U.S. spies on Saturday, the 10th anniversary of the seizure of the American embassy in Tehran.

Related article, Page 5

General News

Thatcher may step down after the next election. Page 5.
 Leaders in Jerusalem offer approval of a U.S. plan for Israeli-Palestinian talks. Page 5.

Business/Finance

Daimler-Benz's large capital increase has raised questions about the German market's capacity. Page 15.

Crossword

Page 5.

U.S. Is Ready to Help Bonn Cope With Refugees

Compiled by Our Staff From Dispatches

NEW YORK — President George Bush's national security adviser, Brent Scowcroft, said Sunday the United States was making plans to help if the flood of emigrants from East to West Germany suddenly turned "into chaos."

"There is no more sensitive issue in Europe than between East and West Germany," Mr. Scowcroft said in an interview on CBS television.

"It would be so easy for something to happen," he said, "that could turn a relatively orderly process into chaos, or an explosion."

Mr. Scowcroft said West Germany was "very, very well organized" and could handle the massive influx.

But he said the United States was prepared to help if necessary. "They will turn to us if they need help. Of course we're making plans for whatever happens."

West German officials voiced increasing concern during the weekend at the prospect of thousands upon thousands of East Germans heading West on Sunday.

"The exodus cannot be the solution to the German question," said Chancellor Helmut Kohl, leader of the conservative Christian Democratic Union, referring to the possibility of a unified Germany.

The Saar State leader, Oskar Lafontaine of the opposition Social Democrats, agreed that "there can be no renunciation of Germany on West German territory."

Mr. Scowcroft implied that the promise of reforms by the East German leader, Egon Krenz, made the situation still more complicated in "one of Europe's most Stalinist regimes."

"The problem that makes it so complicated is that East Germany is not a country like Poland," he said.

"There's a Polish nation, there's a Hungarian nation. There's no East German nation, they distinguish themselves only by their political and economic system. To the extent they reform, they undercut their reason for existence. It's very complicated."

Mr. Scowcroft denied that the Soviet leader, Mikhail S. Gorbachev, had asked the United States to show restraint in criticisms of him — the pace of change in the Soviet Union and the East bloc.

"We want to see evolution at a pace that can be sustained," he said, "without backsliding. It's moving faster than anyone would have suspected a year ago."

The statements came as East Germans surged into West Germany by train, car and bus following an announcement by East Berlin that it was removing exit regulations for all East Germans wishing to leave the country via Czechoslovakia.

Lech Walesa, the Polish trade union leader, said he was surprised by the pace of change in East Germany and worried that changes were being made too fast.

Mr. Walesa told a West German newspaper that the division of Germany into East and West had to be removed but that reunification should not be rushed.

"Here in Poland, we had thought that the call for reforms in East Germany would get so loud much

that it was removing exit regulations for all East Germans wishing to leave the country via Czechoslovakia.

See HELP, Page 4

'Is It True?' Open Border Takes Many by Surprise

Compiled by Our Staff From Dispatches

MARKTREDWITZ, West Germany — For thousands of East Germans fleeing to the West on Sunday, the path to the border was littered with discarded keys to homes, Czechoslovakian currency tossed from "freedom trains" and tears of incredulity.

"A hearty welcome to you!" the train station leader bellowed to the new arrivals at this town just over the border.

"The federal border police and the mayor of Marktredwitz welcome you to the Federal Republic of Germany."

Special trains began evacuating refugees from Prague early Saturday after East Germany lifted restrictions on travel to the West through Czechoslovakia, and thousands more East Germans headed for West Germany by car.

By the chilly morning hours of Sunday, refugees were converging on the quiet West German border crossing of Schirnding, just east of Marktredwitz, driving sputtering Trabants and Wartburgs filled with stereos, luggage and children.

An East Berlin woman said that she and her husband were simply waved through the East German-Czechoslovak border.

"We were never before treated so nicely at the border," the woman said. "We were waved through with a friendly Auf Wiedersehen."

The police said that the exodus, the biggest of four refugee waves since early September, had already filled all 6,500 beds prepared in emergency centers.

"For the past few hours, we've been doing nothing but looking for more space," a spokesman said. He said that the federal border guards and that army barracks around the country were being checked for further capacity.

It was not clear how many East Germans would hop into their cars and drive across Czechoslovakia once they realized that they could now legally cross there into West Germany. But the arriving refugees speculated that tens of thousands or more would take advantage of the sudden opening to a new life.

"The people back there have just given up hope," said Olaf Acksteiner, a 27-year-old from Cottbus, arriving on the first West German "freedom train" carrying refugees from Prague.

Torsten Steib, 21, another passenger from Prague, said: "When people in East Germany hear the border is open, even more will come here."

Mr. Steib and his fiancée, Manja Kamzol, 18, had traveled from East Berlin to Prague by train on Friday, expecting to join other refugees in the West German Embassy. The next day they were on their way.

"We want to live a good life now while

See REFUGE, Page 4

Moderate Christian Elected in Lebanon

By Nora Boustany
Washington Post Service

QALAAAT, Lebanon — Members of the Lebanese parliament elected a new president Sunday in defiance of the Christian military leader, Major General Michel Aoun.

Rene Muawad, 64, a lawyer and a moderate who is on good terms with Syria, was sworn in immediately following the ballot, becoming fourth president to be elected since the civil war began in Lebanon 15 years ago.

Within minutes, General Aoun, who heads an interim Christian military cabinet, denounced the election as "illegal and invalid" and vowed that the confrontation with Syria would continue.

The election of Mr. Muawad, a Maronite Christian, was held at a remote air base here in northern Lebanon.

He was elected in the second round of voting, by 52 of 58 deputies. The other six parliament members who were present cast blank ballots.

Thirty deputies flew in from Paris for the session. Saeb Salam, a member of parliament and former prime minister, came from Geneva for the session.

A single Lebanese flag was displayed on one wall of the lecture hall where the parliament met amid tight security. The lawmakers, crowded into the narrow hall, also re-elected Hussein Hussein as parliament speaker and ratified a national reconciliation charter that was approved in October in Saudi Arabia.

Suleiman Franjieh, a former president of Lebanon who had declared his candidacy on Saturday, withdrew from the race early Sunday, as did a lawmaker, Mikhael Daher.

Two other Maronite Christian deputies, Elias Hrawi and George Saadeh, withdrew their names from consideration after the first round of voting, in which Mr. Muawad led with 35 votes. Mr. Hrawi is a leader of the Phalangist Party and Mr. Saadeh is a leader of the Lebanese Front.

Lebanon had been without a president since September 1988, when the parliament failed to select a successor to President Amin Gemayel.

Salim Hoss, who had headed a Muslim administration competing with that of General Aoun, announced the resignation of his cabinet on Sunday night.

Mr. Gemayel named a transitional military government with General Aoun at its head on Sept. 22, 1988, plunging the country into

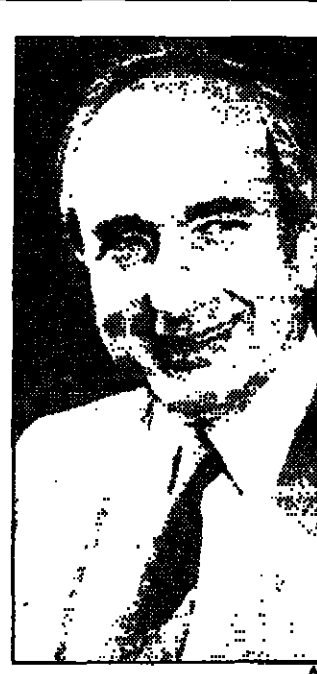
one of the worst constitutional crises in its history, with rival administrations divided along religious lines.

General Aoun's 15,000-member army opened a battle against the Lebanese Forces Christian militia in February, in a move that preceded the general's battle against Syrian forces and Lebanese Muslim militias.

At least 850 people died and 2,500 were wounded in the six-month battle between General Aoun's forces and Syrian troops. The fighting was halted on Sept. 23, when a tripartite Arab peace committee declared a cease-fire and called for national reconciliation talks.

The 21-member Arab League praised the deputies on Sunday for their courage, saying they had chosen

See LEBANON, Page 4



Rene Muawad

Greek Conservatives Seem Short of Majority

Compiled by Our Staff From Dispatches

ATHENS — The conservative New Democracy Party appeared to be narrowly missing a parliamentary majority Sunday for the second time in five months, which raised the likelihood of tough bargaining to form a government.

With 80.4 percent of the returns in, New Democracy, led by Constantine Mitsotakis, had 46.7 percent. It was followed by Andreas Papandreu's Panhellenic Socialist Movement, or PASOK, with 40.8 percent, and the Communist-led Coalition of the Left and Progress with 10.6 percent, according to official returns broadcast by state television.

Mr. Mitsotakis, 71, won 44 percent of the vote in June elections, for 145 seats.

After that election, he stunned many supporters by forming a three-month coalition government with the Communists, who had 28 seats. Many members of the two parties fought on opposite sides in the 1946-49 civil war.

The coalition used its strength in parliament to order Mr. Papandreu, 70, the former prime minister, to stand trial on corruption charges.

The Communists, who won 13 percent in June, appeared to be the losers Sunday, with many of the rank-and-file outraged by the party's pact with the conservatives.

Mr. Papandreu, a charismatic leader, scored landslide victories in 1981 and 1985 but was dragged down by a yearlong series of financial and political scandals in June, when PASOK won 39 percent of the vote, or 125 seats.

Despite the charges hanging over Mr. Papandreu for bank embezzlement and illegal wiretapping, PASOK appeared to have increased its vote since June.

That could be crucial, because PASOK needs at least 121 seats to block the parliamentary election of a president in March, thereby forcing another election.

If no one wins a majority, negotiations will open among the leading parties, which are widely divided over such major issues as economic policy and the presence of U.S. military bases in Greece.

Mr. Mitsotakis voted Sunday on his native island of Crete. "I'm sure the Greek people will give New Democracy a self-sufficient majority," he declared.

In Athens, a beaming Mr. Papandreu told reporters: "I expect victory, overwhelming victory."

The leader of the Communist-led coalition, Harilaos Florakis, said: "It is an undisputed fact that the coalition will be at the center of post-electoral developments."

Greece's simple proportional system makes it difficult for a party to gain an overall majority. And many observers have said that Greece could face instability even if one party did win a majority.

That is because parliament must elect a new president in March. The president is largely a figurehead and has far fewer powers than the prime minister. But Greek law dictates that parliament must be dissolved and new elections held if no presidential candidate musters two-thirds of the parliamentary vote.

(AP, Reuters)

In New York Election, May the Least Offensive Man Win

By Richard Reeves
Special to the Herald Tribune

NEW YORK — A likable old Democratic politician named David N. Dinkins is going to be elected the 105th mayor of New York City, if you believe pre-election polls. But few people do. The numbers have been jumping as much as the digits of the New York Stock Exchange, with the Republican candidate, Rudolph W. Giuliani, running anywhere from 20 points behind to about even with Mr. Dinkins.

The only consistent finding in the final surveys of an uninspiring campaign is that Mayor Edward I. Koch would beat either of these guys. It's too late for that, though. Mr. Dinkins already beat Mr. Koch in September in the Democratic primary election, which is more often than not the real contest in this very Democratic old town.

But Mr. Dinkins, the borough president of Manhattan, is different. Mr. Dinkins is black, or "African-American," as he says, in the fashion popularized by the Reverend Jesse L. Jackson. It is Mr. Jackson, in fact, who is — or who symbolizes — Mr. Dinkins's political problem. Many New York Jews hate or fear Mr. Jackson, the charismatic preacher from Chicago who once called New York "Hy-

metstown" — and Jews account for 25 percent of the city's normal Democratic vote.

If the Dinkins-Giuliani race is close, it will be because of the feelings expressed

NEWS ANALYSIS

by a young mother in Brooklyn, Jewish and Democratic, photographed prettily in The New York Times holding her baby. She said it was not important to her what Mr. Dinkins's relationship was to Mr. Jackson. The fact that he had any relationship at all, she said, was enough to make her vote Republican for the first time.

She is not alone. You get the sense that many white voters, Jewish and Christian alike, have been looking for a reason to vote against the black candidate. And Mr. Dinkins has given them a few: He comes across as an old "clubhouse pol," backed principally by blacks and the leaders of municipal unions demanding substantial pay hikes after years of austerity. And he has a pattern of personal financial problems, not paying taxes for years at a time and playing around a bit on the financial disclosure forms of the new politics.

It's been petty stuff as these things go. But Mr. Giuliani has used it to attack Mr. Dinkins for "incompetence" — which may be a racial code word. The Republican, famous as crime-busting prosecutor in these parts, has also hammered away at the fact that Mr. Dinkins gave about \$10,000 in what New Yorkers call "walking-around money" to a fearsome-looking black political thug named Sonny Carson. Accused of being anti-Semitic, Mr. Carson said that was ridiculous; he hated all whites.

On the other hand, Mr. Giuliani is no Fiorello La Guardia, or even a John Lindsay — to name the only Republicans, reformers, to beat the Democrats in

See MAYOR, Page 4

U.S. May Ban Animal Drug Found to Contaminate Food

By Keith Schneider
New York Times Service

WASHINGTON — The Food and Drug Administration is moving against a widely used and powerful animal drug because, it says, the drug contaminates supplies of milk and pork.

The agency could either ban the drug or impose dosage limits that would make it impractical to use.

The government's program to eliminate the drug, sulfamethazine, from the food supply is not yet official. But it is prompted by studies providing clearer evidence than ever before that sulfamethazine causes cancerous tumors in the thyroid glands of rats and mice.

The results come 14 years after scientists at the agency and the Department of Agriculture identified illegally high residues of the drug in pork as a threat to consumers.

"We are proceeding on the basis that this compound causes tumors," said Gerald B. Guest, director of the Center for Veterinary Medicine at the agency.

"We have several steps to complete," he said. "But I expect that in six months we will propose to withdraw this drug from the market. You can hang out the black crepe for sulfamethazine."

Manufacturers of sulfamethazine, which has annual sales in the United States of about \$60 million, said they disagreed with the government's interpretation of the studies and would oppose the change in policy when it is made official, probably by next spring.

Representatives of the milk and pork industries and most veterinarians say that sulfamethazine is safe at the levels now found in food.

"Sulfa drugs have been used in human medicine since the 1930s," said Fred Gutmann, a marketer at American Cyanamid Co. in Wayne, New Jersey, a large distributor of mixtures for feed and water that contain sulfamethazine.

Industry representatives and veterinarians said that banning sulfamethazine would not cause food prices to rise because alternate drugs are available.

To speed growth and prevent respiratory diseases, small amounts of sulfamethazine are mixed into the feed or water of many of the 90 million pigs raised each year in the United States.

Dairy farmers most often administer the drug to cows in the form of a large pill to treat diseases of the lungs and cure hoof infections.

For pork products, the government bans sulfamethazine residues in excess of 100 parts per billion. The drug is prohibited in milk.

Sulfamethazine, an anti-bacterial compound, was one of a handful of drugs introduced in the late 1940s and 1950s that helped radically alter the structure of American livestock farms.

Quayle Seems Ticketed for '92

Bush Says Vice President Is 'Doing an Outstanding Job'

By Maureen Dowd
New York Times Service

WASHINGTON — In an interview published Sunday, President George Bush said he would keep Vice President Dan Quayle on the Republican ticket in 1992.

In response to questioning by The Dallas Morning News about whether Mr. Quayle would be his running mate in the next election, Mr. Bush said: "Absolutely. He's doing a very good job, an outstanding job. And I think he's been an outstanding vice president, doing exactly what I want him to do and doing it because his heart is in it."

Mr. Quayle's aides immediately spread the news of the Bush endorsement.

The aides had been increasingly edgy in recent weeks about commentary suggesting that Mr. Bush might dump the vice president from the ticket and that Mr. Quayle was out of step with the administration on Soviet policy.

Some had speculated that the president would replace Mr. Quayle with either James A. Baker 3d, the secretary of state, or Jack F. Kemp, the secretary of housing and urban development.

Recent polls have shown that Mr. Quayle has not convinced most Americans that he was qualified to take over the presidency if the need arose and that rather than making more converts, he had made more people undecided about his performance.

And his advisers worried about the vice president's conundrum: In a job by nature invisible, he was trying to reveal himself and banish a negative image left by the campaign.

Mr. Quayle's plan has been to attract some press coverage and keep conservative Republicans happy by taking a stance toward the Soviets more taunting and cautious than that of others in the administration.

But as Mr. Baker and Mr. Bush have appeared more accommodating toward the Soviet president, Mikhail S. Gorbachev, Mr. Quayle has sounded out of tune.

So his advisers, and his supporters in the White House, said they felt the president was sending a strong signal when he said that Mr. Quayle was "doing exactly what I want him to do" and that he liked the mix of pessimistic and optimistic views toward the Soviet Union expressed by his top officials.

The White House chief of staff, John H. Sununu, said, "The president has absolutely no trouble with different descriptions of the same situation, because both perceptions of the Soviet Union, one optimistic and one pessimistic, are right."

Mr. Sununu said Mr. Bush wanted to make it clear publicly, as he had in meetings, that "there is not a single iota of any kind of problem" with the vice president.



Uniformed Nicaraguan contra rebels moving off for training at their camp in Yamales, Honduras.

Military Leaders Replace Politicians In the Nicaraguan Rebel Leadership

By Mark A. Uhlig
New York Times Service

TEGUCIGALPA, Honduras — After eight years of war against the Nicaraguan government, the contra army commanders in the field have little in common with the English-speaking politicians and CIA-picked veterans of the deposed military dictatorship who once dominated the rebel movement.

With reductions in U.S. aid, the rebels' Miami-based political office has ceased to exist, peeling away layers of image-making bureaucracy and leaving the movement in the control of its military leaders. Inside the military command, authority has been seized from such figures as Enrique Bermúdez, 57, a former colonel in the National Guard, and assumed by an independent generation of guerrilla fighters who are half as old but who have spent years carrying the weight of combat operations.

The transformation of the rebel command has drawn harsh criticism from Sandinista officials, who say it confirms the dominance of right-wing militarists.

But some contra supporters have described it as a vital step toward the revival of the rebels as a true guerrilla army, free of U.S. aid and influence.

Experts on both sides agree that the changes are likely to be a crucial factor in shaping the rebel response to a rapidly changing Nicaraguan situation that includes preparations for national elections on Feb. 25, a full-scale government military offensive and new talks between Sandinista and contra negotiators in New York this month.

U.S. officials say that the military's role inside the rebel camp has always been considerable, despite the Reagan administration's attempts to give the contras a stronger political complexion by paying for what one official called a political "bureaucracy of sinecures" based in Miami.

"We've tried to deny as a government that the military was that powerful," said one U.S. official. "But we knew all along that they were in charge. You had an army with a political apparatus grafted on, and you hoped the graft took."

The two factions managed to co-exist as long as U.S. aid flowed freely. But officials and diplomats familiar with internal rebel politics said a cutoff of military aid in February 1988, combined with growing personal disputes between military and political leaders, left the political arm virtually powerless.

The Bush administration ratified the new situation when it cut off all direct aid to the Miami-based political apparatus last summer.

Younger officers are also said to have been unhappy with Mr. Bermúdez for what they perceived to be his unwillingness to take personal risks and his long absences from the Honduran camps. "Let's put it this way: He is not the Patton of Nicaragua," said one U.S. official.

Controversy over Mr. Bermúdez's leadership reportedly was resolved in September in a heated four-hour meeting with younger officers.

U.S. officials say Mr. Bermúdez was allowed to keep his title as the movement's military commander but was shorn of any real power and agreed that he would not try to countermand orders issued by the general staff.

The head of the command structure that pushed Mr. Bermúdez aside is a 29-year-old former coffee farmer named Israel Galeano Cornejo, who goes by the name of *Comandante Franklin*.

Elected to his post by his peers on the command council, *Comandante Franklin* is among the rebels' best-known field leaders, having spent more than six years in combat commands inside Nicaragua.

U.S. officials have now endorsed *Comandante Franklin*'s position by dealing through him on the crucial issue of U.S. aid. They describe his leadership as an important step forward for the rebel movement.

"What we're seeing now is what we wished had happened five years ago," said one U.S. official.

Asylum in Honduras
Honduras has announced that it will allow 4,000 Nicaraguan rebels to enter its territory to escape the Nicaraguan Army. The Associated Press reported from Tegucigalpa.

Earlier in the week, President Daniel Ortega Saavedra of Nicaragua announced an end to the 19-month-long cease-fire between his government and the contras, saying the rebels had been hampering voter registration. Sandinista troops have launched a major offensive against contra strongholds. The Nicaraguan government has said its soldiers are fighting 3,000 contras in eight provinces around the country.

WORLD BRIEFS

Bogotá Extradites 6th Drug Suspect

BOGOTÁ (Reuters) — The Colombian government has extradited another drug suspect to the United States, setting the stage for more violent retaliation from the cocaine "cartels."

Guillermo Delgado Bueno, a 54-year-old hotel owner, was the sixth accused drug trafficker to be sent to the United States for trial since the war on drugs began in August. In a departure from previous cases, his extradition on Saturday was not made public in Colombia and was confirmed after U.S. officials announced it.

By the time Mr. Delgado had reached Florida, another bomb had been found, at a bank in central Bogotá. The cartels' response to the crackdown on the drug trade has been nearly 200 bombings and two dozen killings, including those of two high court judges. "They are still convinced they can bring the country to its knees by intimidation," a U.S. official said Sunday.

Ryzhkov Appeals to Striking Miners

MOSCOW (AP) — Prime Minister Nikolai I. Ryzhkov appealed Sunday to coal miners in the Soviet Arctic to end a strike that he said was endangering winter supplies of fuel.

Mr. Ryzhkov said that the strike had created "an inadmissible situation in ensuring vital supplies for our people, for the work of basic and other sectors of the national economy." Declaring that the strike could have "extremely grave results," he appealed to the miners "to show reason and a sense of civic duty" and go back to work.

Strikers said that the minister of the coal industry, Mikhail I. Shekhov, had arrived in the area and that they expected to meet with him on Monday. The miners say that more than 15,000 have joined the strike since workers at one mine walked out Oct. 25 to protest government delays in meeting promises made to end a nationwide strike in July.

Pan Am Bomb Said to Start in Cyprus

LONDON (AP) — A British newspaper said Sunday the bomb that destroyed a Pan American World Airways flight over Scotland on Dec. 21 began its journey in Cyprus.

Pan Am Flight 103 originated in Frankfurt, taking on passengers and luggage from international "feeder flights." The passengers and bags were transferred at London's Heathrow Airport to the New York-bound Boeing 747 that was ripped apart over Lockerbie, Scotland, killing all 259 aboard and 11 persons on the ground.

The Sunday Correspondent, citing unidentified police sources, said that the bomb apparently was placed in one of several suitcases that went aboard one of two feeder flights from Cyprus to Frankfurt. It said at least four U.S. intelligence agents died on Flight 103 and that they had boarded a Cyprus Air feeder flight. The newspaper said investigators think that a suitcase belonging to one of the agents was substituted at Larnaca airport for the one containing the bomb.

Gunmen Abduct and Slay 8 in Peru

LIMA (Reuters) — Gunmen kidnapped and killed eight persons after thousands marched through Lima to demand an end to nearly a decade of political violence, which has claimed 15,000 lives.

The killings occurred before dawn Saturday in the Andean town of Pucara, 200 kilometers (about 125 miles) east of Lima, the police said. The motives were unclear. But the victims may have been sympathizers of the Maoist Shining Path guerrilla group, the police said. If so, their assailants may have been from a rival group, the pro-Cuban Tupac Amaru Revolutionary Movement.

TRAVEL UPDATE

U.S. Drafts Rules on Child Air Safety

SIoux CITY, Iowa (NYT) — Under growing pressure since the crash of a United Airlines jet here in July, the Federal Aviation Administration is drafting new rules governing seating safety for children on airplanes, according to an agency official.

If a strict rule is adopted, it could end the practice of allowing children under age 2 who fly free of charge to be carried on an adult's lap without any restraint. But this step, which in recent years has twice been rejected by the aviation agency, has not yet been recommended by the agency's staff, the official, Donnell Pollard, said here Friday at a hearing on the July crash. She said new rules were expected in a few months.

The issue of child safety has been revived since the crash, which killed 112 of the 296 people on board the DC-10, because many passengers were children. One baby died after his mother lost her grip on him as the plane crashed. Airlines urge parents to use safety seats, such as those used in automobiles, but this is optional. Airline officials privately admit to being worried that a mandatory safety-seat rule could cut their business since parents would have to buy tickets to use the safety seats. A safety seat must be strapped to a regular seat using the lap belt.

Izvestia Attacks Airport Taxi Outlaws

MOSCOW (Reuters) — The government newspaper Izvestia has attacked an illegal organization of taxi drivers at the Moscow international airport that charges tourists as much as 15 times the official price for rides into town.

The illegal taxi drivers ply their trade outside the entrance of Sheremetyevo-2 airport. Taking advantage of lines as long as 250 people for official taxis, Izvestia said, they have charged outrageous prices for the 20-kilometer (12-mile) trip into town.

None of these drivers has the right to lower the prices, the newspaper said.

The Swedish-Finnish ferry company Viking Line has announced that it will impose age restrictions on passengers after nearly 900 youths vandalized a vessel. Those under 18 will be banned on weekdays and those under 20 on weekends.

Switzerland closed eight Alpine passes Sunday after heavy snowfalls in most mountainous regions. The resort of Andermatt, at 1,426 meters (4,680 feet) in central Switzerland, had registered 20 centimeters (8 inches) of snow in the past 24 hours, the meteorological office said. (AP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Colombia, Morocco, Venezuela.
TUESDAY: Bangladesh, Bulgaria, Hungary, Mongolia, Nepal, Soviet Union.
THURSDAY: Pakistan.
FRIDAY: Guam, United States.
SATURDAY: Angola, Belgium, Bermuda, Canada, France, Guam, Mozambique, Puerto Rico, United States.
SUNDAY: Burma, Sri Lanka.

Source: Morgan Guaranty Trust Co., Reuters

WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Amsterdam	5	4		Bangkok	32	24	
Albany	21	10		Beijing	12	5	
Berlin	19	10		Hong Kong	22	18	
Bombay	29	24		Kobe	22	18	
Buenos Aires	29	24		Manila	22	18	
Calcutta	29	24		New Delhi	22	18	
Cardiff	19	10		Shanghai	12	5	
Chennai	29	24		Singapore	22	18	
Cairo	29	24		Tokyo	22	18	
Cebu	29	24					
Dublin	19	10					
Edinburgh	19	10					
Fukuoka	22	18					
Geneva	19	10					
Helsinki	19	10					
London	19	10					
Luxembourg	19	10					
Madrid	19	10					
Moscow	19	10					
Munich	19	10					
Nairobi	29	24					
Paris	19	10					
Prague	19	10					
Rangoon	29	24					
Rome	19	10					
Seoul	22	18					
Stockholm	19	10					
Sydney	22	18					
Taipei	22	18					
Tientsin	12	5					
Yokohama	22	18					

Let's talk about global presence

Global presence. It must be more than a far-flung international network. It must go beyond the telecommunications and computer links. It must add value to the financial relationship. We believe the global network must function as a single financial mechanism. It must bring together international skills and resources to solve local problems. Around the world, you'll find us ready to talk business.

Deutsche Bank —
Your Partner in the World

Deutsche Bank Group

Branches, subsidiaries and representative offices in Europe:
Amsterdam, Antwerp, Barcelona and more than 100 branches in Spain, Brussels, Federal Republic of Germany with more than 1300 branches, Geneva, Istanbul, Lisbon, London, Lugano, Luxembourg, Madrid, Manchester, Milan, and more than 100 branches in Italy, Moscow, Oporto, Paris, Rotterdam, Strasbourg, Vienna, Zurich.

North and South America: Buenos Aires, Campinas, Caracas, Chicago, Dearfield, Los Angeles, Mexico, Montevideo, New York, Porto Alegre, Santiago de Chile, Sao Paulo, Toronto, Willemstad.
Asia-Pacific: Bangkok, Beijing, Bombay, Colombo, Hong Kong, Jakarta, Karachi, Kuala Lumpur, Lahore, Macao, Manila, Melbourne, Nagoya, New Delhi, Osaka, Paris, Seoul, Singapore, Surabaya, Sydney, Taipei, Tokyo.
Africa and Middle East: Cairo, Johannesburg, Lagos, Manama, Tehran.

UNIVERSITY DEGREE
BACHELOR'S • MASTER'S • DOCTORATE
For Work, Academic, Life Experience
Send detailed resume for free evaluation.
PACIFIC WESTERN UNIVERSITY
600 N. Sepulveda Blvd.,
Los Angeles, California,
90049, Dept. 23, U.S.A.

AMERICAN TOPICS

Giving New Numbers To Ill-Fated Flights

United Airlines 232, Northwest Airlines 255, Pan Am 103. These flight numbers exist no longer, dropped by airline officials unwilling to remind their passengers of bad news.

United Airlines still has flights from Denver to Chicago but none is Flight 232, the number given to a DC-10 that crashed in Iowa last summer, killing 112 people. And Northwest Airlines doesn't operate a Flight 255 in the aftermath of a 1987 crash at Detroit that killed 156.

"There were some indications that customers didn't want to be reminded about Flight 232," a United spokeswoman said.

A Northwest spokesman said that "there's no set policy." He added that before Flight 255 "We hadn't had a crash in 23 years, so it's difficult to have a policy. We elected to retire that number in this case."

Pan Am changed the number of Flight 103 after a bomb destroyed the plane on Dec. 21 over Lockerbie, Scotland, killing all 259 people on board and 11 on the ground. The Frankfurt-New York flight is now Flight 11.

Airlines readily use numbers involved in other airlines' accidents. United has a Flight 255 and Northwest has a Flight 232.

Notes About People

His wife Rosalynn says her husband, Jimmy Carter, the former president, couldn't be "more challenged" fighting famine and promoting human rights around the world. "It's really a satisfying life for him," she said, and President George Bush has been a big help. "We don't have to go through any red tape. President Bush has leaned over backwards to help us."

Short Takes

Minnesota's two-year-old experiment that allows families to pick and choose among public schools is not an unqualified success, according to U.S. News & World Report. Iowa, Nebraska and Arkansas passed similar programs this year. The most tax dollars go to the schools attracting the most pupils. With such incentives, the theory goes,

good schools should thrive while inferior schools must either improve or close. But in practice, only 3,790 of Minnesota's 735,000 public-school pupils switched schools this fall, and not always for academic reasons. Some did so, for example, if the new school was on the parents' way from home to work. Academic improvement can even be a drawback: the Forest Lake district toughened its requirements, and some pupils fled to other districts with lower standards.

Troubled by anonymous telephone calls? "Most people think it's easy to trace a telephone number," but it's "a very involved procedure," a veteran telephone company customer service representative says in a letter to the Dear Abby advice column in the Los Angeles Times. Therefore, "the best thing to do is to change your number. There is a charge for that. However, if the calls are life-threatening and a police report is filed, the phone company will change your number without charging you for it." The writer adds, "If the calls are obscene or harassing, the best way to discourage them is to keep a whistle near the phone and give the caller an ear-splitting blast."

After the California earthquake, "will people succumb to fear of future shocks and move away?" wonders Peter A. Morrison, director of the Rand Corp. Population Research Center in Santa Monica. "Will outsiders still California as a place to settle? Answers to such questions are necessarily speculative, but I will venture several demographic guesses: No major exodus of Californians is in store. However, the Oct. 17 quake has set the stage for a sharp reduction in the flow of population into California from other states."

Shorter Takes: All of the 500 lighthouses in the United States are operated by the Coast Guard, and all but six are automated. Those six manned lighthouses are scheduled to be automated within a year. • In a survey by Cat Fancy magazine, the most popular names for female cats were Samantha, Misty, Muffin, Fluffy, Patches, Punkin, Missy, Tabitha and Tiger (as in the A.A. Milne tales). The most popular names for male cats: Smokey, Tiger, Max, Charlie, Rocky, Tigger, Sam or Sammy, Mickey and Toby.

Arthur Higbee

U.S. May Yet Honor Jewish Veteran, 72

By William E. Schmidt

New York Times Service
NEW YORK — U.S. Army investigators are to decide this month whether to recommend the Medal of Honor for a Jewish veteran who is said to have killed more than 500 Japanese soldiers in a single furious encounter in World War II but to have been denied the highest U.S. military decoration because of anti-Semitism.

The army's 23-month-long review of the case of David S. Rubinsky, 72, a retired architect who lives in Milton, Wisconsin, is remarkable not only for the allegations of prejudice but also for the astonishing circumstances of the incident itself: a lone soldier, armed only with a 30-caliber machine gun, a carbine and an automatic rifle, cutting down 500 to 600 enemy troops trying to force their way past him in the jungles of New Guinea.

Because there is no official record nor any mention in military archives of Mr. Rubinsky's encounter in December 1942 with the Japanese, army investigators have been faced with the nearly impossible task of reconstructing events that occurred nearly half a century ago and half a world away.

In 1942, Mr. Rubinsky was a communications sergeant with Company E, 2d Battalion, of the 128th Infantry in the 32d Division. Two of his former commanders, Herbert A. Smith and J.M. Stehling, submitted affidavits saying that they recommended Mr. Rubinsky for the Medal of Honor at the time because he saved their battalion by his heroism.

They also said they thought he was denied a decoration because a superior officer did not think the Medal of Honor should go to a Jew. The most compelling evidence so far attesting to Mr. Rubinsky's actions are not the recollections of his former commanders but a handwritten message discovered only a few months ago on the back of a yellowing photograph.

The picture had been removed, 47 years ago, from the body of a Japanese soldier.

In the message, an officer identified only as Colonel Yamamoto writes that he has elected to commit suicide in the traditional Japanese fashion, to atone for the role that he had in sending men into a battle in which "600 fine Japanese soldiers died because of a solitary American soldier."

Secret Service investigators, who are experts in detecting counterfeiting, told Senator Herbert Kohl of Wisconsin last summer that the ink and paper were consistent with materials used in 1942. They concluded that there was no reason to believe the photograph and writing were "anything other than genuine."

Although he has made public appearances and given interviews in the past, in an attempt to advance his cause, Mr. Rubinsky now refuses to talk to reporters.

His wife, Katherine Roethe, said her husband does not want to discuss the case publicly, with the army so close to making a decision. But in an interview broadcast last month on National Public Radio, Mr. Rubinsky gave a graphic account of the fighting, which went on all night.

The bodies of the Japanese soldiers, he said, "were lying there, on branches, roots, piled like cordwood, atop one another."

"Some were still alive," he added. "Some I just hit in the shoulder and couldn't move, some in the legs."

"So I would just shoot them and bayonet them, shoot them and bayonet them. I was completely an insane man. To think that a human being would do that to another human being, what I did."

The army's review of Mr. Rubinsky's case comes amid growing attention by the Defense Department to the possibility that discrimination played a role in denying the Medal of Honor to soldiers in both world wars.

CIA Chief Says New Legal View Allows Aid to Coup Plotters

By David Ottaway and Don Oberdorfer

Washington Post Service

WASHINGTON — The director of central intelligence, William H. Webster, says the Bush administration has given Congress a new legal interpretation of the executive order banning covert U.S. involvement in assassinations that will allow the CIA to help coup plotters in other countries as long as the death of a political leader is not their explicit goal.

Mr. Webster said that the Justice Department opinion, issued on Oct. 27, recognized that "you cannot equate violence with assassination." He indicated that the agency thus could assist an attempt to remove a foreign leader who was then killed accidentally.

"Our job is not to be part of a plan to cause the death of a political figure," Mr. Webster said. He added that the agency also should not aid in a coup attempt if it knows that "someone else is going to seek to cause the death of a political figure."

Asked whether this meant that the executive order did not extend to the killing of a political figure accidentally, Mr. Webster replied, "That's the legal guidance."

In a wide-ranging interview late last week, Mr. Webster provided an unusually candid account of his views on a wide

variety of issues ranging from the situation in the Soviet Union, East Germany, Afghanistan and China to the plight of the hostages in Lebanon and the investigation into the bombing last December of Pan Am Flight 103.

The CIA director made these other points during the 90-minute interview:

• The administration hopes to locate, seize and bring back to the United States for trial the terrorists responsible for the Dec. 21, 1988, bombing of Pan Am Flight 103 that caused the deaths of all 259 people aboard and 11 others in Lockerbie, Scotland.

Anticipating the possibility of such action, the Justice Department, he said, has created a new term, "rendition," to describe the act of capturing and bringing back to the United States a criminal suspect. Mr. Webster confirmed that the United States believes it has the legal basis for kidnapping a terrorist in another country even without the knowledge and permission of its government.

• The United States faces "a very real possibility" of having to decide to try to save some, but not all, of the eight American hostages being held in Lebanon by pro-Iranian terrorists. That choice would arise, he said, if the United States acquired

firm intelligence on the whereabouts of only some of the hostages.

• The CIA thinks that the Soviet leader, Mikhail S. Gorbachev, has consolidated his power and has "running room" but also is under mounting pressure to show economic results from his program of perestroika, or restructuring.

• The political change under way in East Germany is "going much faster than anybody could have anticipated," which could lead to violence.

• The agency thinks that probably thousands of people have been killed in China since the outbreak of the pro-democracy movement last spring and that a power struggle is under way in Beijing and is being conducted within the Communist Party's central military commission.

• The CIA thinks that the U.S.-backed Afghan resistance is slowly winning the war against the Soviet-supported regime in Kabul and that the Soviet Union, which is now providing \$300 million a month in military aid, has taken on "a very expensive gamble" in Afghanistan.

• The coup attempt in Panama early last month failed mainly because its leaders "planned to do it themselves" without any U.S. assistance and to carry out "an old-fashioned coup where people don't have to get hurt."

Speaking about the months-long debate between Congress and the CIA over the meaning of the 1976 executive ban on U.S. involvement in assassinations, Mr. Webster said, "We're back to a basic executive order that says you will not engage in assassination."

He said that the CIA, in requesting the new interpretation, was not seeking an invitation to engage in more coup plotting, but only that "if we are asked to do it, that we be asked to do it under rules that comply with the executive order and are not so unrealistic that we will end up not succeeding."

Regarding the hostages in Lebanon, Mr. Webster was frank about what he called the agency's "intelligence shortfall," which he said stemmed partly from the nature of terrorism and partly from the chaotic conditions in Lebanon.

He said that the American hostages were being moved around all the time and that they were not all together.

On Mr. Gorbachev and perestroika, Mr. Webster said, "The time he has to make things happen is shortening." This is so, he said, not only because of the economy but also because of conflicts between nationalities in the Soviet Union and the implications of events in Eastern Europe.

Mr. Webster was asked about a report of

an intelligence estimate that Mr. Gorbachev could be expected to stay in office for at least two more years. He said there were varying opinions about Mr. Gorbachev's staying power, but that the two-year minimum was "a kind of working number."

"I don't regard it as significant," he said of the estimate, adding, "It doesn't say he will drop out in two years. It says he's got running room."

The degree of Soviet tolerance of independent actions in Eastern Europe, and especially East Germany, was another topic.

A key issue, Mr. Webster said, is what the Soviet Union will do about the situation in East Germany. "So far," he said, "it doesn't seem they are prepared to do very much."

On China, he said it did not appear likely that there would be another violent eruption like the one in June. But he added, speaking of the Chinese leadership, "I think there is a lot of potential for change inside at this point."

Mr. Webster said that the Soviet Union was continuing to provide huge quantities of military supplies to the Afghan Army but that the rebels were winning the war. He acknowledged, however, that the pace of the rebels' advance was not rapid. "Maybe it seems glacial to some," he said.

Vladimir Horowitz, Piano Virtuoso, Dies

Compiled by Our Staff From Dispatches

NEW YORK — Vladimir Horowitz, the Russian-born pianist known for his brilliant, intense style as well as for his long periods of refusing to play in public, died Sunday of a heart attack at his home here. He was 85.

Mr. Horowitz, a towering figure in international music, was especially noted for his dynamic interpretations of Liszt, Rachmaninoff and Chopin.

Had it not been for the 1917 revolution, he would have devoted his life to composing; instead, Mr. Horowitz became a concert pianist to support his family, who had lost all their possessions.

He left his homeland 64 years ago, ostensibly to study but vowing never to return. In April 1986, however, he made a triumphant return, playing concerts in Moscow and other Soviet cities.

A prolific recording artist, he won 19 Grammy Awards and had more than 150 commercially released records. Among them are such best-sellers as Tchaikovsky's "Concerto No. 1 in B-flat minor" — the piece he used for his U.S. debut in 1928.

His mysterious absences from the concert stage, which lasted as long as 12 years, and his spur-of-the-moment decisions about where and when he would play or record contributed to his popularity and legend. In six decades, there were four substantial periods when Mr. Horowitz gave up public concerts: 1935-38, 1953-65, 1969-72 and 1983-85. The reasons varied, but usually they were related to some form of exhaustion.

Mr. Horowitz was the model for a generation of pianists. By 1978, he was called a "national treasure" by President Jimmy Carter.

Mr. Horowitz twice played the White House, first at Herbert Hoover's request and, in 1978, at Mr. Carter's, on the 50th anniversary of

the pianist's arrival in the United States.

Mr. Horowitz, whose sartorial trademark was a sporty bow tie, was known for electric performances that combined technique and skill, rich interpretation, speed and a power described as "controlled thunder."

He himself called playing the piano "the coordination of mind, heart and finger," with emotion the key. "The brain is the control of emotion," he once said. "There has to be something to be controlled."

The "demon inside me" that urged him to do better, and a desire to perform in public again, brought him back to the concert stage when he was 61, with what critics called a new maturity and a wider range.

When he returned to Carnegie Hall in 1965, music lovers demanded four encores and refused to leave the event after the lights were dimmed.

The pace of his concerts continued to slow as he aged, but his reputation was undiminished. When he returned to the Soviet Union in 1986, fans rushed police and stormed his Moscow concert and open rehearsal.

The pianist was born Vladimir Gorovitz on Oct. 1, 1904, in Kiev. His father, Simeon, was a prosperous engineer impoverished by the revolution. His mother, Sophie, was a good amateur pianist who instilled a love of music in her three children.

Starting piano lessons at age 3 with his mother, Vladimir moved to formal lessons at 6. His parents appreciated their son's talent but did not raise him as a musical prodigy. They wanted him to become an educated man.

He made moderate progress until age 9, when he stunned his parents by learning all the Rachmaninoff pieces in the family library and all the piano scores of Wagner's operas. He attended the Kiev Con-



Vladimir Horowitz

servatory, and, seeking a way to earn money for his family, made his concert debut at 19. In 1925, when he was idolized in Petrograd — now Leningrad — Mr. Horowitz left on a six-month visa to study in the West. He was away 61 years.

Mr. Horowitz won international fame in 1926 during a Berlin concert series and continued to tour Europe, soloing under the great conductors. He made his U.S. debut in Carnegie Hall as a soloist with the New York Philharmonic under the direction of Britain's Sir Thomas Beecham.

As he played the Tchaikovsky concerto, he began to race with the orchestra. "I played louder, faster and more notes than Tchaikovsky wrote," he later acknowledged.

In 1933, he was chosen to solo for Arturo Toscanini's last in a series of Beethoven concerts. The conductor also introduced Mr. Horowitz to his daughter, Wanda. At the end of the year they were married in Milan and settled in a town house on Manhattan's upper East

Side. Through more than a half-century of marriage, she remained his closest companion and, he said, his severest critic. He became a U.S. citizen in 1944.

Mr. Horowitz's only real rival for acclaim and popularity was Artur Schnabel, who died in 1982; he conceded that Mr. Horowitz was the better pianist but not the better musician.

After his 25th anniversary concert in 1953, Mr. Horowitz said: "During the mad years of playing here, there and everywhere, and constantly — I felt that I was shrinking intellectually and artistically. So I stopped playing and started all over again, making a slow recovery."

The periods when he was not playing were not so bad. He enjoyed reading, cooking, studying music and putting around his New York residence.

His return to the stage in 1965, in the Carnegie Hall recital, produced lines of ticket-seekers days in advance and was hailed by The New York Times as "one of the most dramatic events of recent musical history."

In 1982, he performed in London for the first time in 31 years, playing for a worldwide television audience from the Royal Festival Hall. The concerts in Moscow and Leningrad in 1986 were part of a renewed U.S.-Soviet cultural exchange.

When he decided to return to the Soviet Union in April 1986 the visit received sparse coverage in the official media, but hundreds of students unable to get tickets charged into the Moscow concert hall and joined a VIP audience in giving him a thunderous ovation. The concert was televised live in the United States, and later shown on Soviet TV.

Neighbors used to see him strolling near Central Park. Those walks were once recommended by his idol and early discoverer, Rachmaninoff. The Russian master, Mr. Horowitz said, once told him: "If you don't walk, your fingers will not run."

(Reuters, AP)

8 Tons of Cocaine Are Seized in New York

Compiled by Our Staff From Dispatches

NEW YORK — U.S. drug and customs agents here have seized as much as eight tons of cocaine with a street value of more than \$1 billion, the authorities said.

A Drug Enforcement Administration official said the cocaine, packed in 260 10-gallon (37.85-li-

ter) drums, was found in a raid late Friday in a waterfront warehouse in Long Island City, part of the borough of Queens. The haul was one of the largest ever made in the United States.

Acting on an anonymous tip received in September by the Brooklyn district attorney's office, an of-

ficial said, customs and drug administration agents began investigating the warehouse as a distribution point for a ring associated with Colombian cocaine traffickers.

No one had been arrested in connection with the case Saturday night.

(Reuters, NYT)



National Development Company

Working For Development Since 1919

NATIONAL DEVELOPMENT COMPANY

invites tenders for the sale of:

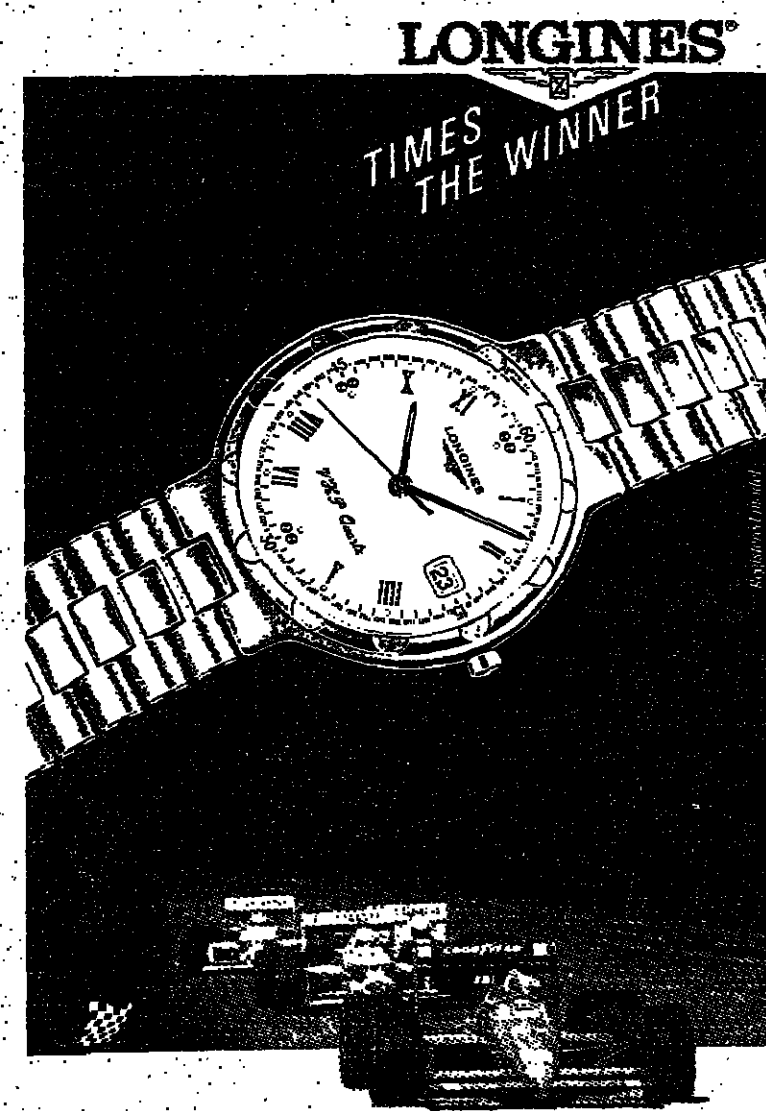
National Shipping Corporation of the Philippines (NSCP), a Philippine carrier providing regular services for containerized cargoes between Far East and the U. S. West Coast, together with three liner vessels, M/V National Honor, M/V National Pride and M/V National Dignity. These sister ships were built by Hitachi Corporation of Japan between 1980 and 1981. The three vessels are multipurpose in design, each having 19,407 DWT and a maximum capacity of 680 TEU's.

The vessels service the ports of Manila, Hongkong, Kaoshiung and Keelung (Taiwan), Busan (Korea), San Francisco and Long Beach (USA).

NSCP and the three vessels will be offered for sale by public bidding at a minimum bid price of US Dollars Forty Two Million Four Hundred Sixty Eight Thousand (US \$42,468 million), wherein a 10% bid bond is required. Non-Filipino nationals may acquire up to 40% equity in NSCP.

Interested parties are invited to attend a PRE-BIDDING CONFERENCE on NOVEMBER 17, 1989 at 2:00 p. m. at the NDC Office in Manila. For details, please contact:

NDC PRIVATIZATION SECRETARIAT
5th Floor Producers Bank Building
371 San. Gil J. Puyat Avenue
Makati, Metro Manila, Philippines
Tel. Nos. : 8183284 locals 42 and 47
8154478; 881675 and 8183790
Telex No. : 14823 NDC PS
Fax No. : (632) 8154472



Winning calls for many qualities, not least shrewd judgement. So does choosing a watch. Which is why so many winners choose Longines. Combining elegance with super-accuracy, the outstanding Longines Conquest VHP (Very High Precision) is probably the most advanced watch in the world. A watch made for winners, in every field.

LONGINES

Longines times winners - winners choose Longines

Fortunately, not all New York hotel rooms are as small as this ad.

THE MARK



A New York Hotel, Madison Avenue at East 77th Street.
(212) 744-4300. For reservations, call your travel agent.

EXODUS FROM EAST GERMANY: Thousands flee to West via Czechoslovakia despite promises of reform.

The Wall Has Become Irrelevant, West Berlin's Mayor Says

Walter Momper is mayor of West Berlin, the island city surrounded by East Germany that is likely to be greatly affected by the changes in the East. Mr. Momper was elected mayor in March and began this month a year-long tenure as president of the West German Bundestag, the upper house of parliament. He is a Social Democrat and leads a ruling coalition in West Berlin with a Green party called the Alternative List. He spoke with Richard E. Smith of the International Herald Tribune.

Q. East German officials say they want to allow virtually unrestricted travel to the West by Christmas. Will this make the Berlin Wall irrelevant?

A. The Berlin Wall already is irrelevant.

Q. Günter Schabowski, the East Berlin party leader, told you last week that the number who will come to stay in the West

"will not be great." Do you agree?

A. How many will leave depends on the process of democratization and renewal in East Germany. I know from my

MONDAY Q&A

talk with Mr. Schabowski that he is well aware of this fact and that the quicker and more convincing the steps are to renewal, the less people will think of leaving East Germany.

Q. Could this overwhelm the city of West Berlin? Housing is already in short supply.

A. I hope not. My wish is that the leadership of East Germany make quick changes so that they won't have problems with loss of work force or loss of people who really want to reform the country and we won't have the problem to house them. Many of those coming from East Germany and western Poland want to settle in West Berlin because it is geographically close to their homes and be-

cause they often think that we have a better feeling for them than is the case in the western cities of West Germany. We have extended our housing program and added to the teaching staff in schools. We will need financial aid from the federal government because the city cannot do it alone.

Q. Do you feel the East Germans should stay at home to reform their country rather than come to the West?

A. I don't want to give any advice. It is their decision. I can understand anyone who leaves the country but I can also understand anyone who wants to stay because he wants democracy and pluralism in his own country.

Q. As a Social Democrat yourself, do you feel you are in a good position to encourage the newly emerging Social Democratic Party in East Germany?

A. We have had contacts and exchanges and want to encourage them as Social Democrats. They want to decide and plan their own way but they are

seeking advice from us on economic re-

form.

Q. How soon will you meet Egon Krenz, the new East German party chief?

A. We both agreed to meet in December or January.

Q. What do you hope to discuss with him?

A. I would like to discuss the speed of reform, how and whether his party will agree with more pluralism and whether he will accept opposition groups and Social Democrats. We are in the neighborhood and we want to improve cooperation in all fields.

Q. Do you think reunification is possible, and how soon?

A. The opposition groups in East Germany are themselves saying that the issue now is democratization, renewal, pluralism and human rights in East Germany. Those are the topics, not reunification. If the borders between both Germanies lose their function and the Wall withers away, then I think the question whether Germa-

ny and the Germans are organized in two

or three states is not the main question.

If you look at history before 1938, the fact that Austria and Germany were divided was always the big question. This helped Hitler get Austria back into the Reich. I really could imagine a situation in which German speakers remain organized into the three states of Austria, East Germany and West Germany, each with slightly different systems of society and with different attitudes and views. This could even make Europe richer due to the competition between those states.

Q. Will Berlin have a special role to play in *perestroika*, the restructuring in the East bloc?

A. We are the most eastern city of the West and the most western city of the East. I am convinced that Berlin will play a major role in these economic changes because we have the infrastructure leading to the rest of the West. We have airplane connections, telecommunications and many companies who are well prepared to trade.

Departing Germans Say Country Is on Brink of Collapse

By John Tagliabue

New York Times Service

PRAGUE — The East Germans pouring through Czechoslovakia on the way to the West say they believe they are leaving a society on the brink of economic collapse as emigration brings labor shortages to crisis proportions.

East Germans at the West German Embassy here gave detailed accounts of conditions in their homeland, describing enterprises desperately short of skilled personnel and forced to rely on huge amounts of compulsory overtime.

Others cited what they believed to be a "suction effect" in which many of their fellow countrymen were now being prompted to flee because friends and relatives had already done so.

Many of those who have arrived since East Germany reopened its border with Czechoslovakia on Nov. 1 described a situation in which the authorities appeared to be desperately seeking stop-gap measures to prevent the exodus from bringing about economic collapse.

A worker at a steel tube and pipe works in Reiss, near Karl-Marx-Stadt, said that workers were putting in 300-hour months, instead of the usual 186 hours, to compensate for the emigration of other employees to the West.

A worker from a concern in Halle responsible for servicing the 140 or so elevators in the middle-sized German city described his enterprise as virtually crippled by the loss of qualified repair personnel.

Many of the East Germans described conditions in which small towns were bereft of dentists and crucial medical personnel, while in other localities restaurant personnel were being pooled to keep at least one of three or four restaurants open.

The elevator repairman, who like the others interviewed refused to allow his name to be used, said, "There has to be a collapse, because two generations are leaving, the young people and their children."

"Over the long term," he said, as his wife and three children, aged 3 to 10, stood by in the muddy embassy compound, "production

has to suffer, and the social fabric." "There is definitely a suction effect," he added, "because many people have gone, others are going. Once your friends and colleagues have gone, you go, too. It makes you feel sorry for the parents, they stay on, they're usually beyond the age where they want to leave."

The steelworker, who said he had toiled for 12 years in the tube and pipe works, described Saturday shifts as normal to make up for the labor shortage.

"You're getting, naturally, more than your normal salary," he said, "but what good is it? There is nothing much to buy."

A young worker from a schnapps distillery in the town of Nordhausen described the situation in his factory as "very serious" because of the departure of at least 50 skilled workers from a staff of about 900.

"That might not sound like a lot," he said, "but spread throughout the various departments, it has very serious effects."

A worker in his early 20s from a steel assembly plant near Karl-Marx-Stadt said that three men from his 16-man work crew had emigrated in recent weeks, and that he knew of at least two more who planned to go.

A trucking-company employee who worked delivering food products in the town of Blankenburg said that his enterprise was actually understaffed, with about 500 employees serving the entire region, and that 30 had left for the West within the last month or so.

The 33-year-old worker, who arrived with his wife and three children, described conditions in which fellow workers were forced to put in double shifts, from 4 A.M. to 6 P.M., instead of the normal shift from 4 A.M. to 1 P.M.

"In practically every shop in town there are signs advertising for personnel," he said. "And many restaurants are simply closed."

"It's going to collapse if it continues like this," he added.

Asked whether he would consider returning to East Germany if the Communist leadership brought about deep change, he said, "I do not think so. To change things, it would take at least 20 years."

FLEE: East Germans Stream Out

(Continued from Page 1)

drew the loudest cheers, called for free speech, free elections, an end to the "leading role" of the Communist Party and — in a demand that prompted the most boisterous whoops — a settling of accounts with the hated security police.

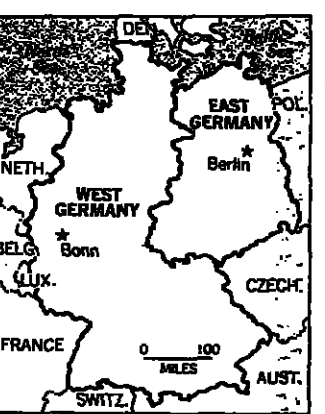
Only Günter Schabowski, the Communist Party leader in East Berlin, referred directly to the renewed flight when he spoke of the "depressing news and pictures from Prague."

The march in East Berlin had been organized by the official Union of Actors, and a cordon of actors and artists, wearing sashes that read "No Violence," helped keep order.

Most marchers seemed largely unimpressed by the promises of "far-reaching changes" and the dismissal of five Politburo members announced Friday by Mr. Krenz. The new program and the resignations are to become formal at a meeting of the Communist Party's Central Committee this week.

It seemed a measure of the remarkable pace of events in East Germany that even while Mr. Krenz was announcing measures that would have been breathtaking only four weeks earlier, he now seemed to trail behind the demands of a popular movement still without real leadership or organization.

"He's learned a lot, he's gaining pace, but I'm not sure whether he's quick enough to keep up with events," said Jens Reich, one of the



founding members of the New Forum opposition group and a speaker at the rally. "He must become more bold."

Many of the placards carried by the crowd were laced with a humor that seemed to reflect growing confidence in the popular movement. Some referred to Mr. Krenz's support for the Chinese after the crackdown in Beijing: "Krenz Kneaps no thanks." There was a banner listing "monopoly of power" by the Communist Party, and "mass flight" by an equal sign.

Another said simply "Thanks, Hungary." It was Hungary's opening of its borders that prompted a mass exodus last summer, catalyzing the movement for change at home.

(Reuters, AFP, NYT)

EUROPE: Now, a Wish Fulfilled

(Continued from Page 1)

million East Germans, many of them less employable, want to come.

Some politicians in Bonn and in allied capitals worry about the rightist backlash from West Germans angered at competition for cheap housing from tens of thousands of less skilled, less well-educated ethnic Germans from Poland and the Soviet Union who have arrived in recent years. They believe this was responsible for the surge in support for the neo-Nazi Republican Party earlier this year.

Chancellor Helmut Kohl and other leading West German politicians urged East German leaders this weekend to introduce political and economic changes that would induce more East Germans to stay at home. A mass exodus, the chancellor said, was "no solution to the German question."

West Germany has been asking its West European partners to help devise a joint strategy for dealing with change in Eastern Europe, but up to now has regarded East Germany as "a problem we can deal with alone," as the architect of former Chancellor Willy Brandt's Eastern policy in the 1970s, Egon Bahr, recently put it.

East Germany already enjoys a special trading relationship with the EC because trade between

Bonn and East Berlin is treated as domestic.

The EC has official relations with Comecon, the Council of Mutual Economic Assistance grouping the East European and Soviet economies, and in the past year has reached agreements with both Hungary and Poland to liberalize access to the European market. West Germany wants to speed it up and is prepared to encourage its industries to invest directly in Poland and Hungary.

It would like to do the same in East Germany, according to Mr. Kohl's national security adviser, Horst Teltschik.

"The German Democratic Republic doesn't up to now allow Western investment in its economy," he said in a recent interview. "I believe that if they did, West German industry would find it very attractive."

Poll Shows Soviet Public in State of Near Panic on Economy

By Bill Keller

New York Times Service

MOSCOW — The Soviet public is deeply pessimistic about the prospects of President Mikhail S. Gorbachev's economic program and confused about whether to continue it, according to an extensive poll commissioned by Mr. Gorbachev's chief economic adviser.

The survey found that more than 90 percent consider the economic situation in the country bad or critical and most say they expect no improvements for at least 10 years, if ever.

A majority of the respondents said that Mr. Gorbachev's policies were at least as responsible for the current situation as the mistakes of his predecessors, and most doubted whether the current leaders had a "well-thought-out" program to improve the situation.

Valeri M. Rutgeizer, deputy director of the institution that took the poll, said that much of the alarm about the economy seemed to come from the unfamiliar candor of press accounts, rather than from people's experiences.

"It seems about half of the feeling that things are deteriorating is due to *glasnost*," Mr. Rutgeizer

said. "The outpouring of bad news creates a sense of apocalypse."

"This is important, because as long as the economic situation is not hitting the well-being of people, they will be patient. It means there is still some time, maybe two years."

Those questioned in 16 large and small Soviet cities were more likely to support a return to tough central controls than to favor free markets.

The authors of the survey said the good news for Mr. Gorbachev was that public acceptance of the idea of far-reaching change — including price decontrols, worker-owned factories and even private property — seemed to be growing.

But the poll shows that these new notions are up against a deeply ingrained feeling of dependency on central government and a powerful distaste for letting some get richer than others.

The poll was conducted by the National Public Opinion Research Center at the request of Leonid I. Abalkin, chairman of the State Committee on Economic Reform, apparently to gauge public tolerance for more drastic measures now being contemplated.

The results were made available by the center, which is run by a sociologist, Tatyana I. Zaslavskaya, under the auspices of the Central Council of Trade Unions.

The authors said they had conducted extensive interviews with 1,148 residents of large and small cities around the Soviet Union in late September and early October.

Although the overall portrait emerging from the 100 questions is a country near a state of panic, Mr. Rutgeizer said that the results contained some grounds for hope.

For one thing, while those questioned painted a bleak picture of the economy and its prospects, most said that the economic decline had not yet seriously damaged their own family's living conditions.

While 52 percent said that the Soviet economic situation had grown "significantly worse" in the last two or three years, and 86 percent said that supplies of food and other consumer goods had worsened, only 11 percent reported a significant decline in their material well-being. A plurality, 47 percent, said that their own situation had not changed. The margin of sampling error was plus or minus four percentage points.

Still, the pessimism of the public was evident in several questions. Asked if they felt "confidence in tomorrow," only 18 percent said yes. Asked how quickly Mr. Gorbachev's program would produce im-

provements for the people, 20 percent said it would take at least 10 years, 12 percent said at least 15 years, and 24 percent said the program would never succeed.

Asked what might prevent Mr. Gorbachev's program from succeeding, the largest number of respondents, 44 percent, blamed the government bureaucracy. Other explanations included organized crime and the shadow economy, 25 percent; a general indifference to work, 21 percent; "incompetence of the country's leadership," 15 percent, and the possibility of a coup, 6 percent.

Other questions showed increased fear of unemployment, inflation and wider disparities between rich and poor.

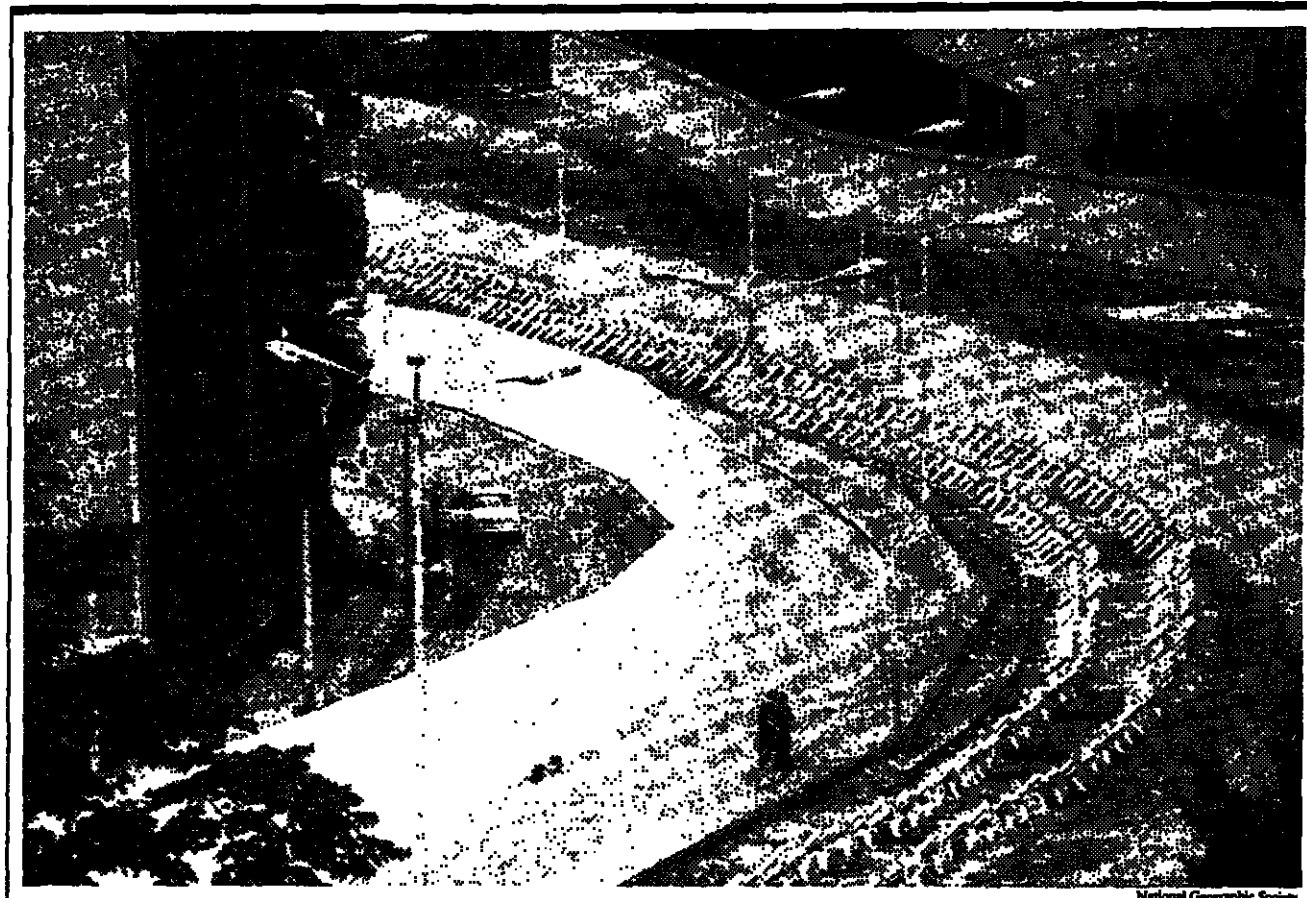
Mr. Rutgeizer said that the prescriptions for the future chosen by those surveyed could be grouped roughly into four categories. The largest group, about 40 percent, craved the return of "a strong hand."

About 25 percent believe that the country should move toward free markets. Another 20 percent want the government to keep everyone at roughly an equal level. And the remaining 15 percent see the key to

recovery as help from the West.

At times the survey results seem contradictory, reflecting the schizophrenia of a society where the new doctrine is at war with the old tradition.

On the one hand, the pollsters said, the number of citizens open to far-reaching change, even painful change, is significantly larger than in previous surveys, indicating that Mr. Gorbachev is making headway. At the same time, the poll indicates that most Soviet citizens instinctively look to the government to protect them from the mercy of the marketplace.



"Not a border between two states... it's a border between two social systems." — Egon Krenz, the East German leader, while in Moscow last week.

"The Berlin Wall already is irrelevant." — Walter Momper, mayor of West Berlin.

"The wall has a big hole in it now." — An unidentified East German, fleeing through Prague.

HELP: Scowcroft Says U.S. Is Ready to Assist Bonn With Refugee Exodus

(Continued from Page 1)

later and changes would come after that," Mr. Walesa told Bild am Sonntag in an interview published Sunday.

"Now it seems that East Germany has moved into third place after Hungary," Mr. Walesa said. "This worries me because what is done too quickly is dangerous."

Egon Bahr, a West German German Social Democratic leader, said he feared that 1.2 million to 1.4 million might come to the West.

"We could not master such a situation, nor could the German Democratic Republic," he said.

The West German opposition leader, Hans-Jochen Vogel, on Sunday urged East Germans to stay home and support reforms.

Mr. Vogel, in an article for Welt am Sonntag, said he respected the decision of East Germans to emigrate to West Germany.

"But we are appealing to all those who are thinking of emigrating," he said, "to carefully examine

whether they should not stay in East Germany to support the process of democratization and to engage themselves in that process."

The refugee flow and the growing opposition inside East Germany led to speculation about the future of the East German regime.

Der Spiegel, a West German news magazine, in its current edition asked: "Can the German Democratic Republic still be saved?" It added: "The flood cannot be stopped."

In Bonn, Chancellor Minister Rudolph Seiders said that the East German government would have to heed the determination of its citizens to win more freedom. The statement followed a demonstration by nearly a million people in East Berlin on Saturday.

Mr. Seiders said that no government could continue to ignore such a "massive and admirably disciplined" protest.

(Reuters, UPI, AFP)

REFUGE: 'Is It True?' Open Border Surprises Many

(Continued from Page 1)

we are young," Miss Kamzol said. "Regardless of what happens with the reforms, we are not going back now. We are staying here."

A Dresden woman burst into tears when asked how she felt about being in West Germany.

"We had so many difficulties," she said before her voice choked.

In Prague, crowds of skeptical or uninformed East Germans continued to gather in front of the West German Embassy's iron gate on Saturday, seeking entry in the mistaken belief that they had to force their way West the same way their predecessors did — by seeking sanctuary at a Western embassy.

By Saturday night the embassy compound, once a sea of tents and hopeful East German squatters, was empty.

Before leaving the compound, where about 5,000 had been awaiting travel permission, a large group of East Germans hung their apartment keys on a rope and dangled it from an embassy window.

The East Germans dumped their Czechoslovak money in trash cans and threw it on railroad tracks as they boarded "freedom trains" to the West. Czechoslovak workers followed closely behind scooping up the currency, which cannot be exchanged and thus has no value in the West.

Some East Germans in Prague needed little convincing when told that they could now go directly over the border to West Germany. They cheered and grinned widely before jumping into their cars.

Others remained distrustful. "I can't believe it," said a long-haired teenager after an embassy employee told him the latest developments. He then walked up to several West German journalists, asking each separately: "Is it true, is it really true?"

A young man who fled through Hungary six weeks ago was among those in front of the embassy Saturday afternoon, but he was not seeking entry. Now a West German

citizen, he had come to Prague to look for his wife and baby. The trio were reunited with the help of embassy personnel.

Several East Germans said that Czechoslovak taxi drivers had demanded up to \$100 for the trip from the embassy to the train station instead of the normal \$4 fare.

The first trainload from Prague arrived in Marktreidwitz on Saturday afternoon under a cold drizzle. About 400 people met the refugees with baby carriages, hot tea, blankets and food.

One man in the Marktreidwitz welcoming party hoisted a placard bearing a job offer: "I'm looking for a butcher's apprentice."

Manuela Löffelholz, a 19-year-old woman from Erfurt, said that she had broken off her nursing studies to flee to the West with her fiancé, Rene Uehlen, 21, also from Erfurt.

"My parents drove us to Prague and left us outside the embassy," Miss Löffelholz said. "Then we just had to say good-bye. I hope they can come out later."

A woman who traveled with her husband and two children to Czechoslovakia on Saturday said that, despite the promises of the new East German leadership, it was all "20 years too late."

"These are just empty times," said Kuzaweg Brandt, an East Berliner who hopes to emigrate to West Berlin with his wife. "We simply don't trust these measures. It's for a limited time only."

(Reuters, AFP, UPI, AP)

LEBANON: Moderate Elected

(Continued from Page 1)

sen a patriot and a man of capable of fostering understanding to lead their nation.

"It's the best news to come out of Lebanon in a good long time," the Arab League secretary-general, Cheddi Kibbi of Tunisia, said in a statement.

Fifty-seven of the 58 deputies approved the new national charter, which restructures Lebanon's sectarian political system along more egalitarian lines between Christians and Muslims.

General Aoun's opposition to a section on sovereignty in the charter that does not spell out a timetable for Syrian withdrawals from Lebanon has fueled popular sentiment against it.

Mr. Muawad, a self-effacing politician with little charisma but with a talent for endurance and quiet diplomacy at times of controversy, spoke forcefully in his inauguration speech in favor of "unshakable sovereignty."

He also called for cordial and special ties with Syria "within the limits of honor and mutual respect."

A native of Zghorta, a member of parliament since 1957 and three times a cabinet minister, Mr. Muawad has maintained friendly ties with the Muslim community.

After visiting Syria last year, Mr. Muawad declared that "Syria's contribution for a final solution for Lebanon is necessary and we will not reach a solution without Syria."

MAYOR: Election in New York

(Continued from Page 1)

New York during the past 75 years. The former U.S. attorney for Manhattan was badly tarnished in the Republican primary by the totally unnecessary \$13 million campaign of Ronald Lauder, heir to the Esfde Lauder fortune. Mr. Lauder made something of a fool of himself, but he made Mr. Giuliani seem cold, heartless, zealous — and a phony, to boot. A lot of that stuck, and Mr. Giuliani came across as unreal, made-up. That impression has not been helped by the fact that he wears a toupee and that his teeth look as if they were capped by American Standard.

Mr. Dinkins, the very model of a front-runner, was relaxed and graceful during an interview last week, as he has always been in the 20 years I've known him. Asked about immediate improvements in the harshness of city life, he answered: "I hope more people will be saying 'Thank you' and 'Please' rather than 'Get out of my way!'"

He seemed quite serious. Some outside commented later that perhaps he was just being honest, and that manners might be all that can be hoped for in these days of celebrated selfishness. New York City has become a parody of American polarity, both richer and poorer than it has ever been, with scabrous bumps unbalancing against the backs of white limousines so long that the drivers don't know it's happening.

Both manners and relaxing may be beyond Mr. Giuliani. He has the nervous tap-tap-tapping feet you might find under the robes of a lean and hungry young monsignor self-righteously bucking for bishop.

"David represents New York's past, clubhouse politics," Mr. Giuliani said the next day, in the classic, angry tones of the reformer. "I will aggressively root out corruption, not wait until it suffocates us. I'll restore a sense of order and orderliness in New York."

Each insists he is ready, willing and able to take on the glitter and gloom of the city, which is in very bad shape if you look away from the shining new towers of Manhattan. One out of four New Yorkers lives below the federal poverty line. And at least 30,000 of them have no permanent home, lining the best Manhattan streets like broken parking meters.

Even with the highest taxes in the country, the city faces a deficit next year of \$1 billion from a \$27 billion budget. Water pipelines are bursting and highways are crumbling regularly now after decades of little or no maintenance.

Ninety of the 138 Fortune 500 corporate headquarters in the city 20 years ago have deserted to greener pastures. The latest was Exxon, which is moving to a field outside Dallas.

Part of the problem is that middle-level executives have trouble making ends meet in a city where everything is up for bid — and Wall Street types with seven-figure incomes are winning the auction for everything from apartments to restaurant reservations.

The feeling is that Mr. Dinkins will run the city badly with the same old crowd, a predictable percentage of whom will end up in jail. But Mr. Giuliani could be worse, bringing in eager amateurs who will dissolve in the city's acid life.

Drug Raid Hits 2 In Security Body

Washington Post Service

ANNAPOLIS, Maryland — Two National Security Agency psychologists and their two children have been arrested after the police seized large quantities of illegal drugs, numerous weapons and \$70,000 in cash from the family's house in Crofton, Maryland, the police said.

The weekend raid on the home of Air Force Lieutenant Colonel Russell J. Hibler and Suzanne M. Hibler, both 43, yielded 7 pounds (3.2 kilograms) of white cocaine, 4.5 pounds of hashish, and up to 60 pounds of marijuana, making it one of the largest drug seizures in county history, the police said. An NSA spokesman would not reveal what security clearances the two have in their respective jobs.

Shamir Is Backed On Baker Plan for Palestinian Talks

By Jackson Diehl
Washington Post Service

JERUSALEM — The government's leadership on Sunday offered approval of a plan by Secretary of State James A. Baker 3d to arrange Israeli-Palestinian talks.

The endorsement was conditional on written U.S. "assurances" satisfying several Israeli demands, among them that the Palestine Liberation Organization be excluded from the process.

By a 9-to-3 vote, Israel's "inner cabinet" passed a resolution by Prime Minister Yitzhak Shamir that the Baker framework, which calls for joint action by the United States, Israel and Egypt to set up the proposed talks, be approved "on the assumption" that Israel's long-standing objections will be addressed in separate, bilateral contacts between Washington and Jerusalem.

Political observers here said the action was aimed primarily at disarming a looming confrontation with the United States over the Baker initiative — the subject of protracted haggling between the two governments during the last month.

However, the step did not appear to signal a significant change in the position of Mr. Shamir, who has steadfastly resisted the basic formula for Israeli-Palestinian talks advocated by Mr. Baker since it first appeared as an Egyptian initiative nearly four months ago.

Mr. Shamir is to visit the United States later this month, and his aides said Sunday they were now certain that he would meet with President George Bush. U.S. officials have lately delayed confirming an appointment between the two as an apparent sign of displeasure at Israel's refusal to act on the Baker initiative.

Mr. Baker's five-point framework for Israeli-Palestinian talks is aimed at advancing Mr. Shamir's plan for elections in the occupied West Bank and Gaza Strip. According to the Israeli plan, elections would produce another Palestinian delegation, with which Israel would then negotiate an interim period of Palestinian self-rule

in the territories, and eventually a final settlement.

It was unclear Sunday whether the Israeli action would actually advance the prospect of talks. Mr. Shamir's continued insistence on the exclusion of the PLO is at odds with the stand of the Egyptian president, Hosni Mubarak, who declared last week that Egypt would act on the Baker framework only in close coordination with the PLO leadership. Egypt has yet to formally respond to the Baker plan; it has been waiting for a PLO position.

The PLO's executive committee has been meeting in Cairo, but spokesmen said it would not take a stand until after the Israeli cabinet acted. Reports in Israel on Sunday suggested the Palestinians might seek their own set of bilateral assurances from Washington, which has been actively seeking to persuade the PLO to go along with the election process.

Mr. Baker's framework does not directly mention the PLO, but suggests a process under which Israel, Egypt and the United States would work together on setting up a delegation of Palestinians. The plan now says that the Israeli-Palestinian talks would take place in Cairo and would deal with elections as well as the "process of negotiations."

For several weeks, Mr. Shamir and Foreign Minister Moshe Arens unsuccessfully sought changes in Mr. Baker's plan to ensure that the PLO would not be able to pick the preliminary delegation or set its agenda.

At various times Israel has sought an express veto power over the membership of the Palestinian delegation, a stipulation that the agenda of the preliminary talks be limited to the technicalities of the elections and a change of venue of the proposed meetings from Cairo to Jerusalem.

As tensions increased last week between Israeli leaders and the Bush administration, Mr. Baker, who had earlier refused to change the text of his framework, initiated a face-saving maneuver by offering Israel several minor, mostly cosmetic changes of language.

Ethiopia Quietly Allows Jews to Move to Israel

By Jane Perlez
New York Times Service

NAIROBI — Ethiopia's renewal of diplomatic relations with Israel after a 16-year-long break reflects unstated acknowledgment that Addis Ababa is allowing Ethiopian Jews to emigrate to Israel.

Diplomats said that the Marxist government, heavily pressured by the military, had been seeking diplomatic means to help diversify its sources of weapons as wars with northern rebels intensify.

Israel, for its part, has been trying to improve its standing in Africa, where many nations broke formal ties after Israel's victory over Egypt in the October war of 1973.

The diplomatic link was announced last Friday.

For about a year, Lieutenant Colonel Mengistu Haile Mariam, the Ethiopian president, has permitted several hundred Jews to leave each month.

There are thought to be about 20,000 Jews in the country, their heaviest concentration being in the north-central province and city of Gondar.

Large areas of the province have recently been overrun by the Tigre People's Liberation Front, one of the northern rebel organizations that has intensified its war against the government.

In what has recently become a fairly routine practice, Ethiopian

authorities are issuing travel documents to Jews who can show that they have relatives in Israel. The Swedish Embassy in Addis Ababa then issues an Israeli visa, and the Jews leave for Israel via Europe.

The Israeli government has long pressed for the release of Ethiopian Jews. From 1980 to 1984, an estimated 12,000 Jews were secretly brought out of Ethiopia into the Sudan in a plan code-named Operation Moses. But news coverage in the West stopped the operation, which Colonel Mengistu characterized as "a kidnap plot."

Ever since the Soviet Union, Ethiopia's major arms provider, expressed warning support for the government's northern wars — against Eritrean rebels as well as the Tigre struggle — Colonel Mengistu has been looking elsewhere for weapons.

Israeli advisers are said to be at the Debre Zeit air base south of Addis Ababa. It was also understood by diplomats that there would be a resumption of cooperation on intelligence matters between Ethiopia and Israel.

Ethiopian Peace Talks

Ethiopia and rebels from Tigre Province opened preliminary peace talks Saturday in an effort to end the insurgents' 15-year-old war for autonomy. The Associated Press reported from Rome.



Three former American hostages after placing a wreath at a memorial ceremony at Arlington National Cemetery in Virginia for eight servicemen who died in the failed attempt to rescue them.

Turnout Low for Tehran Rally Marking '79 Embassy Seizure

The Associated Press

TEHRAN — Iran has marked the 10th anniversary of the seizure of the U.S. Embassy by opening the compound to the public and displaying seven alleged CIA spies. There was a relatively low turnout for the event.

The apparent disinterest appeared to be a blow to radicals who had hoped to use the occasion to encourage anti-U.S. sentiment. It was a victory for President Hashemi Rafsanjani, who wants to improve relations with the West and end Iran's isolation.

About 10,000 to 15,000 people gathered Saturday outside the former U.S. Embassy in Tehran, which was stormed by militants on Nov. 4, 1979. For 444 days, 52 American diplomats and embassy personnel were held hostage there.

Even routine Friday prayer gatherings attract more people than the rally. Crowds at previous anti-U.S. rallies have been estimated at more than one million.

The main speaker was a former interior minister, Ali Akbar Mohtashemi, Mr. Rafsanjani's main rival. It was his first public appearance since he was denied a cabinet post by Mr. Rafsanjani in August.

Mr. Mohtashemi repeatedly referred to the animosity that the late founder of the Islamic republic, Ayatollah Ruhollah Khomeini, harbored toward the United States. Ayatollah Khomeini died in June.

"Ten years ago today, when the students following the imam's line seized the den of spies, the whole world marveled that the face of America was pushed in the mud," Mr. Mohtashemi said.

He noted that Ayatollah Khomeini was against any rapprochement with the "bloody" government of the United States. The crowd often interrupted to shout "Death to America!" and "Death to Israel!"

They waved portraits of Ayatollah Khomeini and his successor as the country's spiritual leader, Ayatollah Ali Khamenei.

During a march to the former embassy from Tehran University, about a kilometer and a half (one mile) away, some demonstrators burned an effigy of Uncle Sam and American flags, some with skulls replacing the stars.

Banners vowed to "fight the U.S. until the last drop of our blood," hung from trees surrounding the compound, which now is used as a training base for young Revolutionary Guards.

The government apparently had been trying to keep anniversary ceremonies as low-key as possible.

The official Iranian news agency, IRNA, reported that Mr. Rafsanjani met officials involved in rebuilding the southern city of Khor-

ramshahr, which was damaged in the eight-year war with Iraq. He told them that Iranian "energy must be used for reconstruction," which, he said, is "among the most effective ways of combating arrogance," an Iranian euphemism for the United States.

The embassy takeover led to a break in U.S.-Iranian ties and the freezing of billions of dollars in Iranian assets in the United States.

The hostages were released Jan. 20, 1981, the day that President Jimmy Carter left office and Ronald Reagan was sworn in as his successor. The crisis was resolved when the United States pledged not to interfere in Iran's internal affairs

and the countries established a framework for settling billions of dollars in claims against each other.

The seven alleged spies appeared Saturday at a news conference. They said they had been recruited by the U.S. Central Intelligence Agency while abroad.

It was the first time the complex had been opened to the public.

Among several displays was a reproduction of the shooting down of an Iran Air jetliner by the U.S. missile cruiser Vincennes on July 3, 1988. All 290 people aboard died.

U.S. officials say the cruiser, which was in action against Iranian gunboats in the Gulf, mistook the airliner for an attacking jet fighter.

Thatcher May Quit After Next Election

By Sheila Rule
New York Times Service

LONDON — Prime Minister Margaret Thatcher said in a newspaper interview Sunday that she was likely to step down from leadership after the next general election. It was her first public disclosure about when she might leave office.

Mrs. Thatcher, who said in 1987 after her third election victory that she planned to "go on and on," told The Sunday Correspondent that she hoped to seek an unprecedented fourth term of office in the next general election, not expected until 1991 at the earliest.

But the prime minister, wrestling with one of the most serious political crises of her 10 years in power, said that she would probably not fight a fifth election.

Her unexpected comments heightened speculation over who would succeed her and seemed likely to set off a long period of jockeying within her party. But Kenneth Baker, chairman of the Conservative Party and one of Mrs. Thatcher's top advisers, suggested that a challenge to her leadership would not be tolerated.

In an interview spread over two pages of the newspaper, Mrs. Thatcher was asked whether it was likely that she would lead the Conservatives into a fifth election should she win the next one.

"No," Mrs. Thatcher said, "because I think people would think it was time for someone else to carry the torch, but I want the torch still to be burning and burning bright. It has done wonderful things for our country; it really has. That is what matters to me."

Her comments come 10 days after Nigel Lawson resigned as chancellor of the Exchequer, putting Mrs. Thatcher and her party under severe political pressure.

And as popular confidence in her ability to revive the British

economy sags, her party is experiencing a slump in all the major public opinion polls. The opposition Labor Party is up to 10 percentage points ahead in the latest polls and believes it now has a good chance of gaining power again.

In a television interview Sunday, Mr. Lawson said that he had told Mrs. Thatcher that his position as chancellor "would be untenable" unless she dismissed her economic adviser, Sir Alan Walters, by the end of the year. Mrs. Thatcher refused to accept the ultimatum, leading to the resignations of Mr. Lawson and Sir Alan.

When she was asked whether her successor would come from the next generation of politicians, she said: "It is not for me to say but there are a number of the next generation whom the party could choose."

"I do not believe any prime minister should try to designate his or her successor," continued Mrs. Thatcher, who is scheduled on Wednesday to give a speech on global environmental problems before the UN General Assembly. "It will depend upon what things are like at the time and upon the personalities."

Political commentators and others have mentioned as possible successors Sir Geoffrey Howe, the deputy prime minister, who was removed as foreign secretary in July, and Michael Heseltine, long considered a likely contender for leadership, who resigned as defense secretary in 1986 after a cabinet dispute with Mrs. Thatcher over a faltering helicopter company.

Other candidates, among whom no clear favorite has emerged, include Foreign Secretary Douglas Hurd, recently moved from the Home Office; John Major, who was named as Mr. Lawson's successor after serving as foreign secretary for only three months, and Environment Secretary Chris Patten.

The very best in good taste.



Mac Baren

For pipe smokers in over 80 countries Mac Baren tobaccos represent, above all, the very best in good taste. Select and smoke a Mac Baren tobacco today and see how right they are.

Our business is safeguarding your success for your successors.



ONLY you know how hard-won your success has been — too hard-won to see it dissipated either in your or your children's lifetimes.

At Lloyds Bank International Private Banking, we have an outstanding reputation for effective international tax and inheritance planning. We plan and implement a secure package for you and your heirs in strict accordance with your wishes.

Private Companies, Trusts and Foundations are among the vehicles we can use to minimize your tax liabilities, preserve your capital and thus safeguard you and your family's future.

YOUR PRIVATE BANK

Through a personal adviser, your account executive, you will have access to all the skills and experience of a banking team represented in 40 countries, with contacts everywhere in the world. Nowhere will you be assured a more professional, discreet, efficient and personal service — worldwide.

To find out more, please contact: Julio F. Rodriguez-Rolenson, 1 Place Bel-Air, 1204 Geneva, or telephone (41-22) 20.86.11.



Lloyds Bank
International
Private Banking

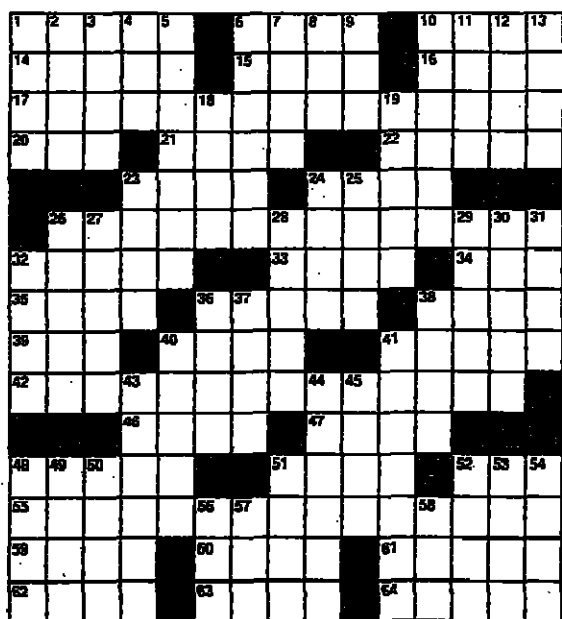
CAYMAN · DUBAI · GENEVA · GIBRALTAR · GUERNSEY · HONG KONG · JERSEY · LONDON · LUXEMBOURG · MARBELLA · MIAMI · MONACO · NASSAU · NEW YORK · PANAMA · SINGAPORE · ZURICH

ACROSS

- 1 Puts on weight
- 6 Border on
- 10 Canon
- 14 Concur
- 15 Flower holder
- 16 Danube tributary
- 17 Goldie Hawk role
- 20 Mournful
- 21 Author Vidal
- 22 Inspire
- 23 Bardo and Maglie
- 24 Try to lose weight
- 26 Napoleon
- 28 Passageway
- 33 Cheers from Carlos
- 34 Conceit
- 35 — Alto
- 36 Moderated
- 38 Gil
- 39 Navy S.C.I.A.
- 40 Jog
- 41 Woodcut
- 42 Kirby-Simon comic strip
- 46 Fit to
- 47 First name in fashion
- 49 Papal cape
- 51 Rooms in
- 52 Nectar collector
- 53 A postal service
- 59 Israeli statesman
- 60 Those with Aug 6 birthdays
- 61 — Macabre
- 62 Bridge position

DOWN

- 1 Deep, sloping ravines
- 2 Taj Mahal site
- 3 Gladiolus or crocus
- 4 A neighbor of Calif
- 5 Navigable access to an ocean
- 6 Loath
- 7 Ruth or Herman
- 8 Employ
- 9 Score for Retton
- 10 Theater district
- 11 Inits on the Hudson
- 12 Café au
- 13 Salty soaker
- 18 Fee at a bridge
- 19 W.W. II vehicles
- 23 Battle site of W.W. II
- 24 Bush rival in 1988
- 25 With teeth on edge
- 26 Tropical vine
- 27 Resort on Long Island
- 28 Surplice
- 29 Holy Grail, e.g.
- 30 Guam's capital
- 31 Confused
- 32 N.T. book
- 36 Soft cheese
- 37 Top-flight
- 38 Tar's cell
- 40 Spud



© New York Times, edited by Eugene Malachuk.

Solution to Friday's Puzzle

CROC	PAULS	CART
POLO	ELSI	ALAR
RIVER	ELISS	RAZE
TOOK	FIRST	PRIZE
LIIT	EERY	
RAILED	AT	TOMAND
INFAVOR	OF	SEGAR
AGE	CFA	EMU
TEETH	HADDINER	
ALLIES	ZEALOTRY	
NATO	LET	
NOINDUSSELDORF		
EDGE	ACARI	VAIN
VEER	RANGE	ECRU
ARTY	TRESS	REIST

Herald Tribune

Published With The New York Times and The Washington Post

A Tall Order for Krenz

Egon Krenz has been improving his mind through foreign travel. On Tuesday he went to Moscow for a long talk with Mikhail Gorbachev. The most sensitive subject in European politics is the limits to Soviet tolerance for change in East Germany. Mr. Krenz has not told the world what Mr. Gorbachev said to him, but you can get a sense of it from what has happened since. On the day of that conversation the East German government lifted its recent ban on travel to Czechoslovakia, reopening the escape route to West Germany. From Moscow, Mr. Krenz went to Warsaw for talks with the Poles.

By the time he got back to Berlin, the West German Embassy in Prague was once again packed with thousands of East Germans. They were penned up in the embassy by a tedious bureaucratic process of clearance that the East Germans had earlier negotiated with the Czechs. Under the pressure of crowding, Mr. Krenz's government did a humane thing. It told the Czechs to forget the clearance and let them all go, freely. Then, in Berlin, Mr. Krenz went on television to deliver a speech that has no precedent in the 40 years of his country's history.

He promised sweeping reforms. He fired five members of the Politburo, aged 73 to 81. He said that young men would no longer have to serve in the army but could do

civilian service instead. That has been one of the chief demands of the demonstrators who have been pouring into the streets.

He promised that there would soon be a new law on travel abroad. He would be wise to give East Germans passports on demand and let them travel where they want, as the Poles do. If people think they can leave when they please, they will have less reason to join in the panicky rush for exits that open and close without warning. He appealed to East Germans to stay: "We need you." That is clearly true. Public services are apparently beginning to be visibly affected by the massive defections.

The key questions are still unanswered: whether the ruling party is ready to hold elections and to share power, as in Poland and Hungary. But Mr. Krenz has abandoned his predecessor's insistence that there is no need for reform.

If he is not to use the police, with the implicit threat of Soviet troops behind them, to keep his restless people at home, he is going to need a political strategy of great imagination and daring. The nature of that strategy is not yet clear to his country and perhaps not even to him. But he knows one thing. As he said in his speech, "There is no going back."

—THE WASHINGTON POST.

Truth Told to Beijing

In China, where leaders are thought young at 76 and political disgrace can be a passing phase, Richard Nixon is respected as a strategic thinker, an unsentimental realist and the American who opened the door to good relations with his country. Mr. Nixon has now put his reputation to good use on a visit to Beijing, voicing American outrage over the massacre there last spring and the great political leap backward that accompanied it. If Chinese leaders heed his advice, they can help move relations past today's tensions.

Mr. Nixon told them what they most need to hear: "The events of April through June damaged the respect and confidence which most Americans previously had for the leaders of China." China as well as the United States, he noted, has a responsibility to heal the relationship. Beijing would only compound the problem should it only sink into "a backwater of oppression and stagnation."

The context of U.S.-Chinese relations has changed since Mr. Nixon's breakthrough 1972 visit. With the Cold War now over and the perceived threat from Moscow greatly reduced, the strategic significance of the so-called China card is correspondingly diminished. The rise of more democratic forms of communism elsewhere has left Beijing's hard-liners isolated and vulnerable. As long

as persecutions persist, American opinion will not allow much diplomatic warmth. The targeted sanctions announced by President George Bush last June signaled U.S. disapproval while preserving ties to the future. That remains good policy.

A repressive People's Liberation Army cannot expect Americans to help it modernize. A brutal political leadership cannot expect high-level American endorsement. Still, the U.S. Embassy continues to function: reformers and entrepreneurs, to the extent that they are permitted to operate, still have access to American capital.

Mr. Nixon is now a private citizen, so his banquets with Chinese leaders were no formal breach in Washington's ban on high-level official contacts. But he is a very special private citizen and will make a written report to Mr. Bush. He surely noticed the extraordinary isolation of the present leadership, the restiveness of military chiefs and expectations of a new struggle to succeed Deng Xiaoping, who is 85 and frail.

For all their defiant words, China's leaders are now discovering how serious are the problems they have brought upon themselves. The tough-minded Mr. Nixon has told them the hard truth.

—THE NEW YORK TIMES.

White House Effect?

George Bush's campaign pledge to pay more attention to the environment was good news coming after eight years of Reagan indifference. His early appointments were generally sound, his proposals challenging, his words bullish. "Those who think we're powerless to do anything about the greenhouse effect," he trumpeted, "are forgetting about the White House effect."

Where has this ardor gone? In a pattern distressingly like the administration's disarray over Soviet policy, infighting and conflicting signals now obscure the clarity of Mr. Bush's original commitment on at least two priority issues.

Global warming: Environmental questions are dauntingly complex, and solving them requires painful trade-offs between conservation and economic growth. The so-called greenhouse effect is no exception. Experts disagree on just how serious it already is, but no respectable scientist denies that pouring gases like carbon dioxide into the atmosphere will eventually cause the earth to warm up, with consequences that are potentially catastrophic.

The United States produces 25 percent of the world's carbon dioxide emissions. To William Reilly, director of the Environmental Protection Agency, this imposes a special obligation on Washington to develop a timetable and strategy. Mr. Reilly had hoped to carry at least the outline of a policy to an international conference on global warming that begins this Monday in the Netherlands. He is going, but without a policy. Powerful voices in the administration—including the Department of Energy and the White House chief of staff, John Sununu—insist on further study, even though 14 months have passed since Mr. Bush's ringing

declaration of war on global warming. **Clean fuels:** A tough new clean air bill is slowly wending its way through Congress, thanks in part to Mr. Bush's original bill and the efforts of clean air advocates like California's Henry Waxman to strengthen it. But one of the bill's most important provisions has been weakened beyond recognition, and Mr. Bush is largely to blame. The provision would have required Detroit to produce one million cars designed to run on alternative fuels by 1997.

There is disagreement among experts on which alternative fuels would be cleanest or cheapest. But Mr. Bush's original proposal would at least have encouraged aggressive investment in new technology by reluctant automakers and oil companies. At a critical moment in the deliberations of Mr. Waxman's subcommittee, however, Mr. Sununu sent word that the White House would accept a weaker provision. Mr. Reilly sent the opposite message. The confusion was fatal: Mr. Bush's cherished alternative-fuels provision was gutted. By allowing two key aides to send conflicting signals, the president had sandbagged himself.

There are now fears of vacillation on a third environmental concern, acid rain. The Bush bill would attack acid rain by requiring utilities to halve their discharges of sulfur dioxide by the year 2000. Mr. Sununu said in a letter to Mr. Waxman that the White House still wants a tough plan, but there is no evidence of aggressive White House lobbying. That is because the White House's chief lobbyist, the man who would be the Environmental President, has forgotten that legislation, like horseshoes, requires follow-through.

—THE NEW YORK TIMES.

Other Comment

Thatcher vs. Integration

Mrs. Thatcher's aversion toward Jacques Delors's grandiose plans for the European Community may not be quite the international liability it once was. A growing body of West German and Dutch opinion is equally skeptical. The West German cabinet is almost as divided as the British on monetary union.

—Simon Jenkins, commenting in *The Sunday Times* (London).

Nearly all [EC members] are set on maintaining the new dynamism which Europe suddenly achieved in 1986-87. There is a determination, spearheaded by Jacques De-

lors but widely supported in the member governments, that the main axis of advance should be the monetary one. The aim of a common currency is to save Europe from two major handicaps from which the United States and Japan are free. The first is uncertainty about the future relationship between internal currency and another. That considerably weakens the content of a single market. The second is the switching from one currency into another which costs the customer an excessive "turn." (But Mrs. Thatcher) finds it very difficult to respect any international institutions largely run by foreigners who are not Americans.

—Roy Jenkins, commenting in *The Observer* (London).

INTERNATIONAL HERALD TRIBUNE

JOHN RAY WHITNEY, Chairman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER
Co-Chairmen

LEE W. HUBNER, Publisher

JOHN VINOCUR, Executive Editor • WALTER WELLS, News Editor • SAMUEL ARI, KATHERINE KNORR
and CHARLES MITCHELLMORE, Deputy Editors • CARL GEWIRTZ, Associate Editor •
ROBERT J. DONAHUE, Editor of the Editorial Pages

RENE BONDY, Deputy Publisher • RICHARD H. MORGAN, Associate Publisher •
FRANCOIS DESMAISONS, Associate Director • JUANITA L. CASPARI, Advertising Sales Director •
ROBERT FARRÉ, Circulation Director, Europe • KOURT HOWELL, Director, Information Services
International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France.
Tel.: (1) 46 37 93 00, Telex: Adverbing 613595; Circulation, 612832; Editorial, 612718; Production, 630698.
Directeur de la publication: Richard D. Simmons

Editor for Asia: Michael Richardson, 5 Convent Road, Singapore 0511. Tel: 472-7768. Tlx: RS56928
Ming, Dir. Asia, Ref: D. Richardson, 5 Convent Road, Hong Kong. Tel: 5-8610616. Telex: 61170
Managing Dir. U.K.: Robert MacKinnon, 63 Long Acre, London WC2E. Tel: 836-4802. Telex: 262009
Gen. Mgr. Germany: W. Lauterbach, Friedrichstr. 13, 1000 Frankfurt/N. Tel: (069) 73573. Tlx: 416721
Gen. U.S.: Michael Connors, 830 Third Ave., New York, N.Y. 10022. Tel: (212) 512-3800. Telex: 47175
S.A. au capital de 1.200.000 F. RCS Nanterre B73321126. Commission Paritaire No. 61337
© 1989, International Herald Tribune. All rights reserved. ISSN: 0294-8032.

OPINION

Terrorism: Safe Haven In Syria

By A. M. Rosenthal

NEW YORK — The purpose of this column is to present five strange and so far undiscussed facts about American policy toward terrorism, and to raise the disturbing questions that flow from them.

These are the facts:

1. Some months ago, the U.S. government asked Syria to close down particularly important Palestinian terrorist bases on its territory. They are the camps and headquarters of the Popular Front for the Liberation of Palestine, General Command.

From its Syrian safe haven, using weapons and funds supplied by Syria, Iran and Libya, the 500 skilled agents of this group fan out over the world in search of targets. Sometimes the targets are Israeli civilians. More attractive to the group are foreign ships and planes.

2. Trying to persuade the Syrians to close the General Command and close its bases, Washington presented evidence to Damascus that the group was responsible for the bombing of Pan Am Flight 103 last December. More evidence of the group's guilt came to light last week. But long before, every anti-terrorist organization in the West and in Israel accepted the reality of the responsibility of the General Command, headed by Ahmed Jibril.

There is some doubt about whether the order came directly from Damascus or from Iran, in retaliation against the accidental destruction of an Iranian airliner in 1988 by the cruiser *Vincennes*. But anti-terrorist specialists consider it impossible, even if Iran gave the order, that Syria did not know and approve. Syrian agents are clearly involved in the General Command. Ahmed Jibril was a Syrian army officer, and he probably still is.

3. Syria, of course, refused to close the bases or tell the General Command to leave Syrian territory.

4. The United States did nothing further about it.

5. The U.S. government has not presented these facts and their implications to the American people. If you study these facts, questions emerge. Why did the United States feel that its evidence was strong enough to put before the Syrians but nevertheless withheld it from the American public? The usual excuse for concealment — national security — vanished the moment the evidence was laid out to Syrian officials.

The FBI and British intelligence are trying to collect sufficient evidence to get indictments against specific members of the General Command who placed the bomb. But evidence necessary for action by the United States, which already knows that agents of the General Command made and planted the bomb on Pan Am Flight 103 and other planes before?

In any case, why conceal information from Americans that has already been revealed to Syrians?

One logical reason is that Washington considers its relations with Syria more important than keeping the American public fully informed. That is inexcusable, since every American is at risk from the General Command and other terrorist groups whenever he or she takes a Western plane or ship.

Why did the United States fail to make a public issue of Syria's refusal to close the bases?

Logical answer: Washington has no policy to meet the Syrian refusal. That is not only embarrassing but damaging to what remains of the belief that the United States has the willpower, or even intent, to protect American citizens abroad.

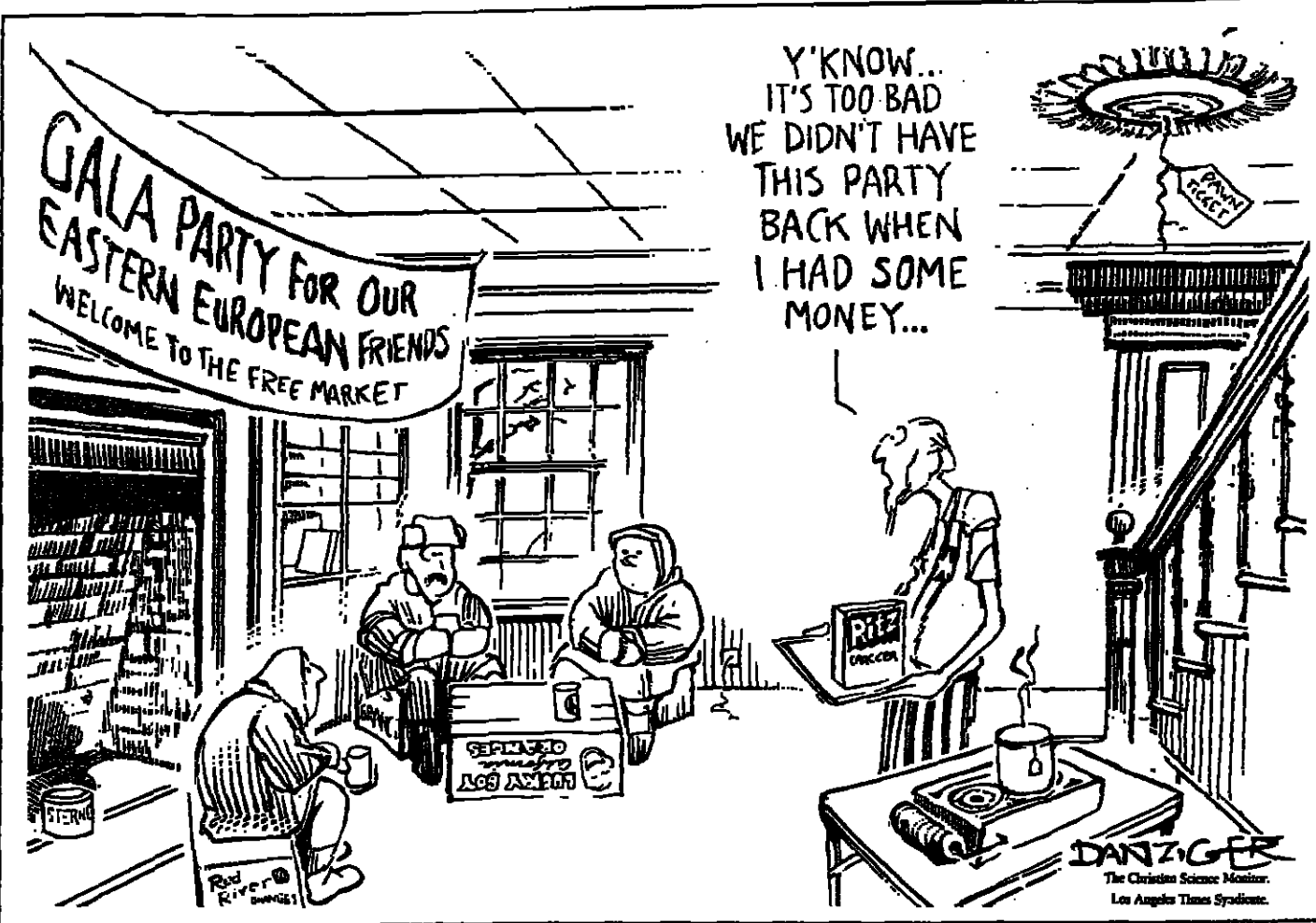
No price is exacted against terrorists or their sponsors and paymasters. Terrorists now know that, which makes it inevitable that they will broaden their operations in the United States itself. To believe otherwise is deliberate self-delusion.

What price can be exacted? Even to ask that question, so many years into the age of terrorism, shows why it has lasted so long. Since Syria will never wipe out the General Command because it has created, the United States should do it through an air strike and commando action.

Moscow will protest loudly; it is Syria's chief source of weapons. But if Mikhail Gorbachev means what he says about being a convert to anti-terrorism, he will be relieved.

The United States should not eliminate them all; some are probably deep in civilian areas. But striking those that could be reached with minimum civilian losses would be an act of self-defense — not only for Americans but for all whose lives are put in jeopardy by the terrorists and their masters.

The New York Times.



The Khmer Rouge Killers Should Be Prosecuted

By Elizabeth Becker

PARIS — Saren Thach, a Cambodian exile in the United States, wrongly accuses Hun Sen of murdering his family. "Who Wants Cambodia Ruled by Hun Sen?" (*Opinion*, Nov. 2). Saren Thach's anguished article, is eloquent testimony to the profound political confusion and misplaced hatreds spawned by the Western world's refusal to try the Khmer Rouge at the International Court of Justice in The Hague.

If there had been a trial during these past 10 years that the Khmer Rouge have been in exile, Saren Thach would not have made the enormous historical errors that led him to accuse the wrong man of murdering so many members of his family. In truth, the man responsible was Pol Pot.

If there had been a trial, Saren Thach and the rest of the world could read a body of documents and evidence showing not only how Pol Pot ran his genocidal regime but who were and are his real lieutenants and assistants, as well as who did provide and who continues to provide him with political respectability. Hun Sen does not fall into either of those categories. If there had been a trial, justice

would have been served. Instead, the Cambodian people's suffering has not been dignified with a trial, as was that of the Jewish people after World War II. Instead, countries such as Singapore can now question whether a holocaust or auto-genocide or crimes against humanity took place during the Pol Pot era.

The United States is one of the Western democracies pledged to human rights that has refused to bring

Hun Sen was never near the leadership circle.

the Khmer Rouge to trial despite years of requests to do so by the Cambodian Documentation Commission, to which I am an adviser. The Association of Southeast Asian Nations has counseled European nations against filing suit as well.

I mention these nations because they were at the forefront demanding that the Vietnamese army leave Cambodia, and now they are doing nothing

to protect the Cambodian people from the Khmer Rouge army that has filled the vacuum left by the Vietnamese. Indeed, they are demanding that the Khmer Rouge be given a role in a new government and questioning whether Pol Pot's government was genocidal.

Without a Nuremberg-style trial, the United States can raise doubts, using the catch-22 argument that to say "genocide" requires a trial which of course Washington will not demand. And Cambodians such as Saren Thach are vulnerable to political manipulations of history to support causes rather than impartial justice.

To mistake Hun Sen as just another Khmer Rouge is to ignore that he has spent more time fighting against Pol Pot than for him. As Cambodian prime minister, he is practicing a brand of communism similar to Mikhail Gorbachev's — not Pol Pot's. And at the moment he is the only army willing to fight the Khmer Rouge.

As one of those who has spent the past 10 years documenting the Khmer Rouge rule and piecing together its history, I sympathize greatly with

Saren Thach for his anger and confusion. Here are the facts of that period.

Pol Pot was in charge of all of Cambodia, not just the west. He divided the country into as many as seven major geographical zones. There was an eastern zone, but it was headed by So Phim. Heng Samrin was an officer below him. Hun Sen was the equivalent of a lieutenant colonel in the territorial forces inside the eastern zone, several layers below the zone leadership and with no standing whatever in the national leadership.

Moreover, his military position was not part of the secret police system that oversaw the murderous purges that led to massacres of families like Saren Thach's. The one time when the military was overseeing purges, Hun Sen was out of commission after losing an eye in battle.

The systematic purges were overseen by Pol Pot through the security system headquartered at the Tuol Sleng torture and detention center in Phnom Penh. Like the Nazis whom they so closely resemble, the Khmer Rouge left documentation of their crimes in more than 10,000 files, where researchers have passed long, discouraging hours documenting how these men systematically murdered people by class, race and religion in direct violation of international laws.

I cannot say that Hun Sen is free of guilt of any crime. But I can say that, according to all available evidence, Pol Pot and his inner circle are to blame — not Hun Sen, who was never near the leadership circle of the Khmer Rouge.

Neither Saren Thach nor any other Cambodian should carry this burden of not knowing who is responsible for the deaths of their loved ones and, in a real sense, their nation. Saren Thach and I should not be discussing such crucial issues through the newspaper; lawyers should be debating them in The Hague.

But apparently the Western democracies prefer to see Pol Pot leading his army toward Phnom Penh instead of facing charges for crimes against humanity.

If they make it to Phnom Penh, I would bet the Khmer Rouge will head straight for the Tuol Sleng museum and the files they left behind in their flight from the Vietnamese 10 years ago. They could destroy them, and the world could play dumb forever about the Khmer Rouge crimes against humanity.

The writer, a special correspondent for *The Washington Post*, is the author of "When the War Was Over: A History of the Cambodian Revolution."

Get Aboard the Environment Wagon

By Richard N. Mott

WASHINGTON — Despite a presidential pledge to play a leading role in protecting the global environment, the United States looks set to remain in the wings as representatives of 70 countries begin meeting in the Netherlands today to address some of the environmental issues affecting the world.

America has fallen behind the pace of international action on the environment. U.S. leadership has especially been lacking on the paramount issue of climate change. The greenhouse effect, now widely recognized in the scientific community, refers to the heat-trapping properties of various trace gases in the atmosphere, such as carbon dioxide. The buildup of these gases could provoke extreme and unpredictable weather patterns, widespread extinction of species and severe coastal flooding.

As the world's leading producer of the gases that cause the greenhouse effect, the United States has been looked to both for diplomatic leadership and for early preventive action. On both scores it is failing.

The administrator of the U.S. Environmental Protection Agency, William K. Reilly, is personally dedicated to protection of the environment. He is attending the conference which starts today in Noordwijk — but White House disarray has thus far denied him authority to play a meaningful role.

The conference promises to yield the first international consensus that carbon dioxide emissions must be stabilized by the year 2000. Many environmental groups, and some countries, have called for a 20 percent reduction in emissions by that date. But even stabilization — the modest goal of not making the problem worse before one makes it better — continues to elude U.S. policymakers.

By dispatching Mr. Reilly to the Netherlands without the authority to endorse such a measure, the United States will again be left behind such allies as West Germany, France, Canada and Japan.

Environmental phenomena such as the effects of the Chernobyl disaster, the vanishing ozone layer and the threat of climate change have profoundly altered the course of world affairs. A new level of international cooperation has become essential. Protection of the environment has joined military security and trade relations at the heart of foreign policy.

It is in America's interest to play a leading role. Continued isolation from the mainstream would erode U.S. credibility and consign the United States to second-tier status in an expanding world marketplace for competitive energy-efficient technologies.

The United States should use the occasion of the Noordwijk meeting to join its allies in endorsing the sensible policy of stabilizing the carbon dioxide emissions.

The writer is director of the atmospheric pollution program of the Environmental Law Institute. He contributed this comment to the *International Herald Tribune*.

Washington Will Have Another Panama Flap Soon

By Flora Lewis

WASHINGTON — The next Panama crisis is coming in eight weeks. Under the terms of the American administration of the Canal Company expires on Dec. 31. He must be replaced by a Panamanian. Further, the new head is to be nominated by the government of Panama, appointed by the president of the United States and confirmed by the U.S. Senate.

That was the real, but unmentioned, importance of the flap over the recent failed attempt to oust General Manuel Noriega.

American indignation at defiance from the shrewd, corrupt little dictator turned a serious national interest into a preposterous personal vendetta, to the U.S. disadvantage.

Washington had already committed another in a long string of bumbles in handling Panama, and it went unmentioned. As the treaty provides, General Noriega had nominated a new administrator, his crony Carlos Duque. President George Bush rejected him without even bothering to send the nomination to the Senate. But he went further, blocking a possible solution. There could have been a quiet arrangement, through mediators, to make sure that General Noriega offered a man the United States would accept.

General Noriega has been smart enough not to obstruct for a minute the functioning of the canal, which is

99 percent of why Panama matters to the United States and the rest of the world. However, the United States said it would not accept anybody proposed by him. That puts Washington in the position of violating the treaty it signed, and the Panamanian strongman will doubtless make a noisy point of it, to the distress of all America's friends and treaty partners.

The play the United States intends to use is to appoint the Panamanian who is now number two in the Canal Company as acting administrator. He is a highly respected engineer named Fernando Manfredo, fully capable of doing the job. But it isn't clear whether he will agree to put himself in the middle of the fight.

Washington will argue that choosing a Panamanian fulfills the "spirit" of the treaty, and that it has a right to ignore the letter because the existing government is not "legitimate."

An acting administrator would not be submitted for Senate approval. This is a box the United States made for itself when it conferred the distinction of being America's current No. 1 bogaboo on General Noriega, as though he were the main reason for U.S. interest in Panama.

He's a drug dealer, a thoroughly nasty man once on the CIA payroll, but that doesn't make him so exceptional. You don't hear the president of the United States calling for the ouster of the prime minister of the Bahamas, or of Honduras generals just as involved in drugs as General Noriega.

But Washington got hooked on General Noriega and launched a series of schemes for not-so-covert action to show who is boss by proxy. Elliott Abrams, the rambunctious

assistant secretary of state for Latin America in the Reagan administration, cooked up the idea of a mini-coup in which the weak Panamanian president fired the general in early 1988. The general immediately fired the president, whom he had installed in the first place, and the United States cut itself off from Panamanian authorities on grounds that the government was then illegal.

General Fred Woerner, head of the U.S. Southern Command, understood the intricate problems that this posed and the foolish inversion of U.S. priorities. He discreetly criticized the policy, and was bounced for his sensible efforts to keep bad from getting worse.

We have the Joint Chiefs to thank that things didn't go on to disaster. Mr. Abrams's next script would have bundled opposition leaders into Quarry Heights, the U.S. headquarters, surrounded them with U.S. troops and had them proclaim a government in exile on Panamanian territory.

Admiral William Crowe, then chairman of the Joint Chiefs, put his foot down. Such folly would have endangered every U.S. base in the world. Furthermore, the Pentagon figured it could take three more U.S. divisions to deal with the possible consequences.

What bothered Admiral Crowe the most was that the United States was supposed to take all the risks while the opposition waited complacently to be handed power.

Those who argued that Washington should have made sure that this year's bungled coup would work had no reason to believe that General Noriega's rebellious henchmen would give way to civilians. More likely, the United States would have

been saddled with a Noriega clone whom it had put in power.

The lesson is that flag waving, posturing and cockamamie plots cannot substitute for strategic thought and sound diplomacy.

Instead of stirring American emotions, the administration's responsibility is to make U.S. interests clear. Where Panama is concerned, that is the canal, first, second and third.

Now the United States is left to face the real issue. It won't be easy.

The New York Times.

100, 75 AND 50 YEARS AGO

1889: Stanley's Despatch

PARIS — A telegram from Mr. Stanley has been despatched from Zanzibar: "Reached Albert Nyanza from Banalya. Found out that Emin and Jephson both prisoners since August 18. Troops Equatorial Province revolted, shaken off all allegiance; shortly after Mahdists invaded. Province in full force. No hostile natives since we left Kabbaraga." Mr. Stanley and his gallant followers are expected to arrive at the coast in January or February.

1914: News in Brief

PARIS — The French Minister of Foreign Affairs at Bordeaux has issued a declaration of war with Turkey. LONDON — The British Government has just issued a declaration annexing the island of Cyprus. WASHINGTON — The congressional elections have resulted in what might be termed a sharp warning to President Wilson's Administration. Reunions show that the Democratic

majority in the House of Representatives will be not more than 21. They will retain the Senate. Hard times have told the story. Many men are out of work and many factories are closed. The Democrats realize that their extravagance and intolerance have brought "the chickens home to roost."

1939: U.S. Lifts Arms Ban

WASHINGTON — The Neutrality Law embodying repeal of the arms embargo was signed yesterday [Nov. 4] by President Roosevelt. A decree concerning the law said: "I, Franklin D. Roosevelt, President of the United States, ... proclaim that a state of war exists between the Reich, on the one side, and France, Poland, Great Britain, India, Australia, Canada, New Zealand and South Africa on the other." American ships can call at no British, French or German ports in Europe or North Africa. They may call in Belgium, Denmark, Norway and Sweden, provided they do not visit the British Isles.

Handwritten note in Arabic script: "لا بد من العمل"

Toll From Typhoon Mounts in Thailand

BANGKOK — More than 250 people were dead or missing after a typhoon tore across the Gulf of Thailand, officials said Sunday. Four survivors were found from the U.S. gas-drilling ship Seacrest on Sunday, two days after it was overturned by the typhoon with 97 people aboard, said Unocal Thailand Ltd., the owner of the ship. Unocal Thailand said in a statement that the survivors, three Thais and an Indonesian, had been picked up by two Thai fishing vessels. Earlier, rescuers found the bodies of two of the people who were on board the ship when it capsized on Friday. A sea search for other survivors was continuing. More than 140 other people were missing at sea and 26 died on land, according to Thai authorities. Unocal Thailand said that the two bodies were found in the badly damaged living quarters of the 4,000-ton ship, which was slowly sinking after being overturned on Friday. It had been carrying 64 Thais and 33 foreigners. Unocal said that investigation of the hull by a remote-controlled submersible revealed such damage that there was probably little or no air in the living quarters, making it unlikely that there were any survivors trapped there. The typhoon crossed the Thai isthmus, destroying 1,200 houses and forcing 8,000 people to flee. It was reduced to a tropical storm as it entered the Andaman Sea on Saturday. An Interior Ministry spokesman said that lines of communication between Bangkok and southern Thailand had been cut. Unocal said its natural gas production in the Gulf of Thailand was expected to return to normal on Sunday after being cut by almost half by the typhoon. Gas produced by Unocal is used to generate more than half of Thailand's electricity. Initially, rescue workers had to battle waves nearly 2 meters high and winds of about 30 to 55 kilometers per hour (waves of about 6 feet and winds of about 20 to 35 miles per hour). A drilling rig at least 60 feet high was mounted in the center of the Seacrest, and the vessel was stacked with drilling equipment, a spokesman of Unocal's U.S.-based parent company, Unocal Corp., said in Los Angeles. It was thought that the ship might have been too top-heavy to weather the storm. Also, the crew had little time to prepare, the spokesman, Barry Lane, said. "This actually was a small storm, a squall, and it escalated very quickly into a tropical storm, and then a typhoon," he said. The official Thailand radio quoted meteorological officials as saying the typhoon was the worst to hit Thailand in 35 years.



A truck that was blown off a road in Thailand during the typhoon.

U.S. and Japan Reach Accord On Expansion of Air Services

By John H. Cushman Jr.
New York Times Service

WASHINGTON — Japan and the United States have reached agreement on a major expansion of airplane flights between the two countries, the Bush administration announced.

The agreement, signed Sunday in Tokyo after six days of intensive negotiations, will open new cities in both countries to flights by American and Japanese airlines.

Transportation Secretary Samuel K. Skinner called the agreement "the most dramatic expansion of air services to Japan since the original bilateral aviation agreement was signed in 1952."

International air service is governed by agreements between pairs of nations, with each country awarding the right to fly on agreed routes to one or more of its domestic airlines.

Until the new agreement is formally ratified and route assignments are made, it will not be clear what airlines will serve which cities.

The agreement opens up substantial new markets for airlines that are eager to take part in the most rapidly growing international air market, the Pacific region.

Mr. Skinner also said the agreement, coming at a time of continuing tension over trade issues between the two nations, "reflects the strength of our friendship with Ja-

pan and the importance of our economic alliance."

The agreement covers both passenger and cargo flights, and increases the frequency of flights along existing routes, the number of cities that can be served and the ability of airlines to make one-stop flights within the two countries.

Under the agreement, U.S. airlines will be able to operate along new routes between three U.S. cities and Tokyo. They also will be given new routes from three U.S. cities to Japanese cities other than Tokyo or Osaka.

Japanese airlines will gain routes from Tokyo to three new U.S. cities, and from cities other than To-

kyo or Osaka to three U.S. cities.

The Japanese airlines also will be permitted to add one-stop continuing service to three other U.S. cities.

And existing service by Japan Air Lines on the Tokyo-Seattle-Chicago route will increase in frequency from five to seven flights each week.

David Prosper, a Transportation Department spokesman, said that six American carriers now fly between the United States and Japan, and that three Japanese airlines serve the United States.

He said the new agreement was expected to result in a 30 percent increase in flights between the two countries.

In addition to the new passenger routes, the agreement included provisions for new cargo air service.

While most consumers are unaware of the cargo flights, they are an important and growing market.

The United States will be allowed to designate an additional all-cargo airline for service to Japan. A currently designated all-cargo airline will be authorized to serve an additional point in Japan, chosen from three cities: Nagoya, Fukuoka or Sapporo.

Japanese airlines will be allowed to operate eight weekly cargo flights to Chicago, and NCA, a cargo airline, will be allowed to serve Los Angeles and Chicago.

New Hungarian Party Ruptures Over Policy

BUDAPEST — The Social Democratic Party, one of nearly two dozen challenging the ruling Socialists in national elections next year, split Saturday because of policy disagreements.

Leaders of the new faction, calling itself the Independent Social Democratic Party, accused their rivals of bourgeois tendencies. A spokeswoman for the mainstream faction said the breakaway group sought alliances with "the East European left."

Shanghai Struggles To Regain Its Glory

By Nicholas D. Kristof
New York Times Service

SHANGHAI — Below the reconstructed Long Bar, where the foreign *zips*, or big bosses, used to sip their pink gin and chat about girls with gowns slit to the waist, or about rogues of the underworld like Big-Eared Du and Pockmarked Huang, a symbol of the new Shanghai is taking shape. It is a Kentucky Fried Chicken restaurant, the first here in China's biggest city, and it will cheer up the ground floor of the former Shanghai Club, now known as the Dongfeng Hotel.

The bustle of the workers completing the interior of the restaurant, under Colonel Sanders' fro-

The legacy of past glitter and fame — as well as notoriety — is engraved on the city's psyche.

ze grin, reflects the kind of foreign influence that Shanghai is seeking these days.

The restaurant is a world apart from the establishments that characterized this city before the 1949 Communist takeover: the dim bars and brothels along Blood Alley, the opium dens and movie houses where scrooped sailors recuperated from their voyages, with limousines parked outside next to sleeping rickshaw boys and dying beggars.

The legacy of past glitter and fame — as well as notoriety — are engraved on Shanghai's psyche, and today no city in China is more self-consciously sophisticated, or more aware of the last four decades of stagnation.

Only in the last few years, residents say, have they felt some hope that the city can succeed in a vigorous campaign to redevelop its economy and restore its relations with the rest of the world.

...This strenuous effort to recover a measure of its past greatness, and to keep workers satisfied so that they do not provoke political unrest, is Shanghai's paramount mission, but these days it is running head-on into the central government's economic and political retrenchment.

Vitally needed foreign loans and investment have slowed since the crackdown in Beijing in June, and industrial growth declined in September for the first time on record.

Shanghai's golden age was in the 1930s, and it will never come back, a young teacher said as he stood in front of the old Shanghai Club. "This is the most fashionable city in China, the center of the country, but it will never recover its glory."

The most worrying problems for the moment are economic, particularly falling industrial output.

In September, industrial production was 2.6 percent below the figure for August and 1.8 percent below the figure for one year earlier. The New People's Evening News, a Shanghai newspaper, re-

ported in October that 72,000 workers had been laid off because of factory closures.

"You've got a situation that can't go on," said a Western diplomat here. "The problem of factories closing hasn't eased; it has gotten worse. And if it continues to get worse, the situation will look pretty grim."

The immediate cause of the difficulties is primarily the austerity policy imposed by Beijing a year ago, and tightened further this summer.

The retrenchment has hurt Shanghai, like most of the country, by squeezing credit and investment and by slowing retail sales.

The longer-range cause of the difficulties is the decade-long program of economic liberalization, which helped many parts of China but caused enormous dislocations in Shanghai, Western diplomats and economists say.

It used to be that other parts of China would produce raw materials, including silk, cotton, and coal, that ran Shanghai's factories.

But in recent years, other provinces have been allowed to set up their own factories, and they refuse to sell their raw materials to Shanghai.

Shanghai's former mayor and party leader, Jiang Zemin, took over as national party leader in June, but there is no sign that he is showing favoritism toward the city.

For all the economic difficulties, diplomats say that life in Shanghai is not so repressive as in Beijing.

A Chinese dissident here estimates that fewer than 100 intellectuals have been detained in Shanghai since the nationwide crackdown on the student-led democracy movement began in June. In addition, he says that almost all of them were seized on orders from Beijing rather than on the initiative of the local authorities.

The best-known institutional casualty is the World Economic Herald, a weekly newspaper that was circulated nationally and won a reputation as the best and boldest newspaper in China. It was suspended in May and will be formally disbanded at the end of this year, according to Chinese sources.

These Chinese say that the newspaper's editor, Qin Benli, has been ordered to stay home and avoid contact with foreigners or with several of his former colleagues. Four other staff members have been arrested.

Brussels Signs Pact in Budapest

BRUSSELS — Defense Minister Guy Coeque of Belgium said Saturday his government had signed a pact with Hungary for limited military cooperation as part of efforts to improve ties with Warsaw Pact nations. "It's an important way of contributing to peace and détente in Europe," he said on his return from Budapest, where he signed the accord on Friday.

The three-year agreement provides for visits by army chiefs of staff, military students, historians, surgeons and musicians.

Lufthansa's new offer in Europe. First. Business. Economy.



Some airlines only offer you a choice of either/or, whereas Lufthansa has further increased its lead in Europe by offering three classes of the highest standard: First, Business and Economy. Business travellers can enjoy not only a service that represents one of the best, but also more comfortable seats. Simply relax and toast your good taste with a glass of

champagne! But even before and after the flight Lufthansa cares for you. Advance seat reservation, separate check-in for passengers with only hand baggage, hotel reservations, separate lounges — these and other amenities will be gradually extended in Europe. Choose your favourite class — with Lufthansa it will be a first-class choice.



Lufthansa

INTERNATIONAL Herald Tribune

Now Printed in Tokyo For Same-Day Delivery to Most Homes & Offices in Japan

To subscribe call our Tokyo office
(03) 201 0205

Or write: TJM, 2F, Mainichi Newspaper,
1-1-1 Hibiya, Chiyoda-ku, Tokyo 100
Or Telex: 33673. Or Fax: (03) 214 4045.

1992

The World's Rendezvous With Europe

Integration / Twelve and Still Counting

Outside Contenders Adjust to the New Europe

As the pace of change in Europe picks up speed, the European Community is fast approaching a new dilemma: should it close the door to prospective members or welcome in new partners with open arms?

Turkey and Austria have already made formal applications to join the EC's club of 12, and a bid by Morocco was swiftly deflected by Brussels. The combined success of the EC's fledgling single market program and Mr Gorbachev's attempts to spread glas-

nost and perestroika have shaken the European landscape. A new picture is emerging of a Community — probably of 12, but maybe 13 or more — as a European economic and commercial core with a cluster of associated states around it.

EFTA members are first in line for change

Jacques Delors is keen to use the intergovernmental conference provisionally planned for early next year to call for deeper revisions to the constitution, giving more power to the European Parliament and opening the way to new forms of cooperation with trading partners.

The six EFTA members are the first in line: Austria, Switzerland, Sweden, Norway, Iceland and Finland. A reply is expected to Austria's application for membership by next July, but the Commission has already made clear that strengthening the Community's internal structure remains paramount and that no new admissions will be considered before the EC's internal market comes of age in 1993. The Commission's reply to Turkey, due before the end of the year, will echo this message.

Although the gates to Brussels are firmly closed for the time being, the prospect of closer ties has been offered to EFTA. The turning point came in January when President Delors asked the European Parliament in Strasbourg: "How do we reconcile the successful integration of the twelve without rebuffing those who are just as entitled to call themselves Europeans?"

He said the Community could maintain existing relations with the ultimate aim of creating a free trade area or "look for a new, more structured partnership with common decision-making and administrative institutions to make our activities more effective and to highlight the political dimension of our cooperation in the economic, social, financial and cultural spheres."

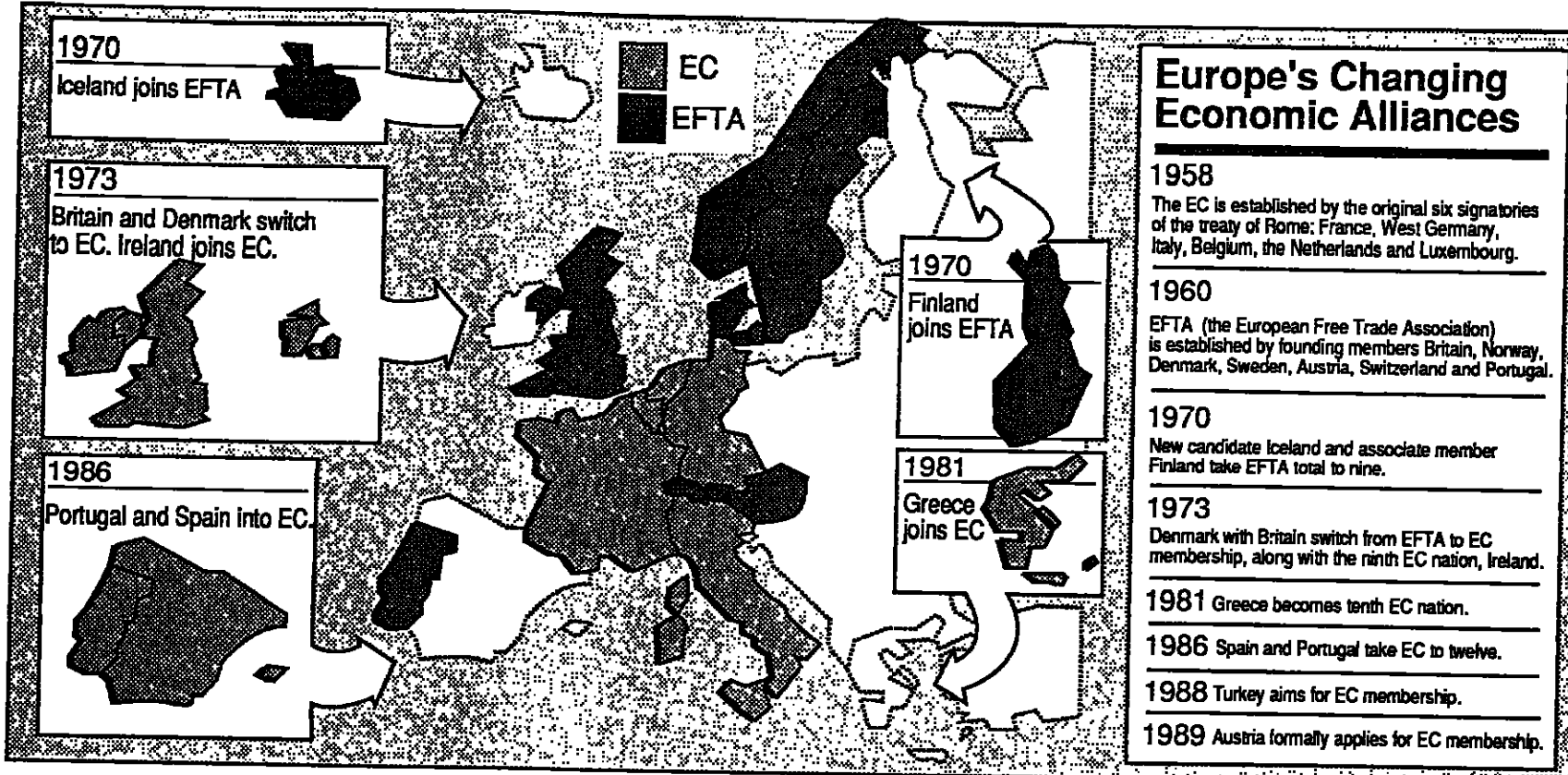
The statement sparked an uproar in Brussels, although it was generally seen as an attempt (albeit unsuccessful) to forestall a spate of membership demands. It ran counter to the policy of the Commission's Directorate General for external relations and opposed the views of former EC Vice President Willy de Clercq, who had left office a few days earlier.

Talk of "European Economic Entente" resurfaced in Mr. Delors' October address to the College of Europe in Bruges. But numerous problems remain, not least between the EFTA members themselves.

This year EFTA set up working groups to examine specific areas of possible cooperation and broader institutional questions. Their conclusions, discussed by the Commission and EFTA ministers at the end of October, were to recommend the creation of an EC/EFTA internal market. The decision to launch formal negotiations is expected to be taken at the ministerial meeting on December 19.

Even the opening of negotiations

Continued on Page 11



Interview / Percy Barnevik, President of Asea Brown Boveri

Risks and Rewards of European Restructuring

Percy Barnevik, president of Asea Brown Boveri AG, the heavy electric equipment builder that represents one of the largest cross-border mergers in European history, discussed the outlook for European industries with Axel Krause, corporate editor of the International Herald Tribune. The following are excerpts from the interview.

Considering ABB's Swedish-Swiss origins, why did you decide to establish headquarters in Zurich?

Our decision stemmed from the fact that Zurich is central to our very big markets in Germany and Italy. But we

are totally European, a microcosm of what is happening in Europe.

But wasn't setting up ABB in 1987 a historical accident because Brown Boveri was in trouble, while you at ASEA sought expansion?

There is always an element of coincidence. And both companies were looking for partners. In 1987, most of Europe's heavy electrical sector was protected and suffering from an unhealthy structure with high cost and overcapacity. One year after our merger, which was like pulling the cap off the ketchup bottle, you had, for example, the Anglo-French alliance, GEC-Alsthom. The whole industry is

now looking for ways of streamlining across borders.

Do you believe, as Common Market leaders claim, that Western Europe is at last achieving global power and beginning to compete more effectively against Japan and the United States on the industrial front?

Yes, absolutely. I also believe that those who don't quite believe it and don't prepare for it will be in for a rather negative surprise. Everywhere I go, in all camps, the conviction is the same: this time we must not fail.

There has been considerable talk about opening EC public bidding in such key sectors as telecommunica-

tions, water, energy and rail transport. What has actually happened so far?

The Brussels authorities have shown that they have teeth in areas such as subsidies. In five or ten years time the days in which the Italian railways have to have an Italian locomotive with every piece made in Italy will probably be over.

What was your reaction to Japanese allegations that the 1988 contract to modernize the Spanish railroad was awarded to French- and German-led consortia on political grounds?

I do not want to comment particularly. Continued on Page 10

The International Herald Tribune is honored to welcome these world-renowned companies as sponsors of its 1992 series.

digital

ALCATEL

GoldStar
The brightest star in electronicsABB
ASEA BROWN BOVERI

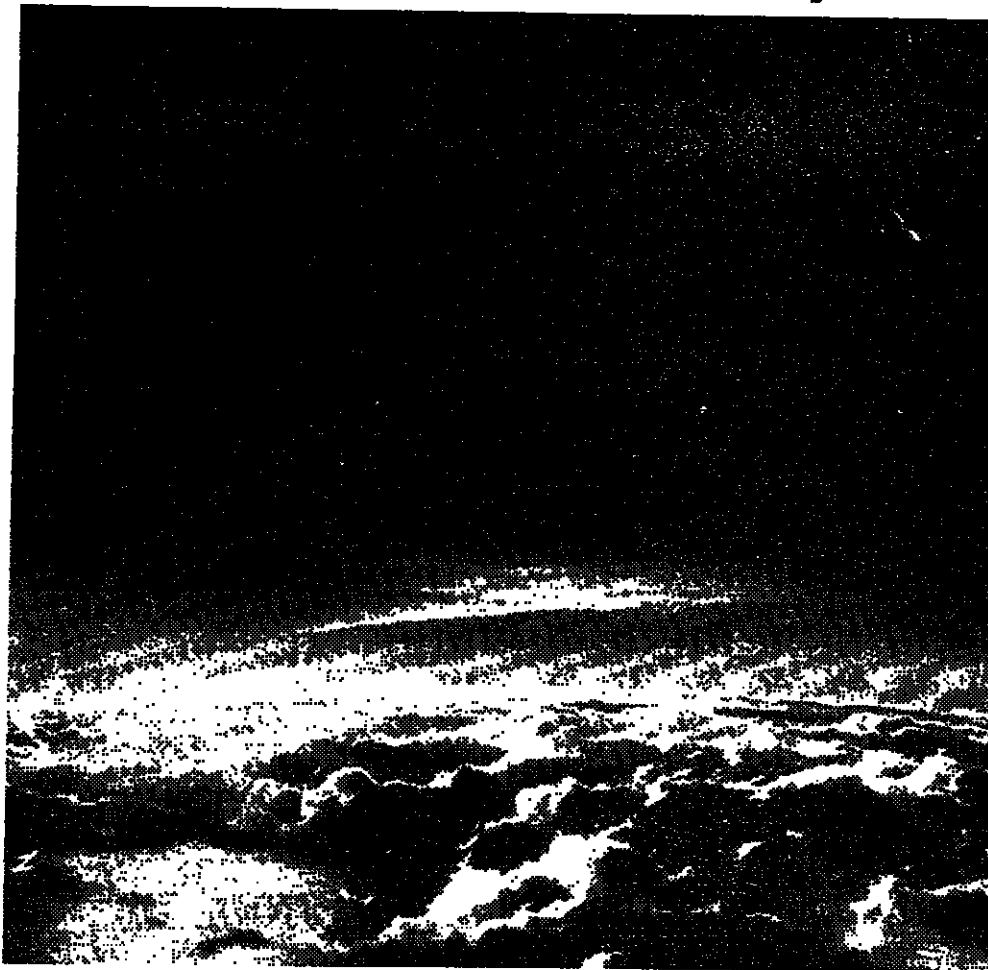
RHÔNE-POULENC

NOKIA

FRANCE
TELECOM
INTERNATIONAL

Herald Tribune

To say that Alcatel offers the most advanced technology on earth is not strictly true.



To get the full picture of Alcatel's technological expertise, you have to look that little bit further than the earth beneath your feet.

Because, right now, Alcatel is continuing to conceive, design, build and service the most advanced systems in every area of communications. From satellite systems, including the prestigious, multi-national Intelsat VII project, to undersea cables, such as the 2,500 kilometre link constituting Tasman 2.

Yet, retaining a position at the very forefront of communications systems technology takes more than just expertise and inventive

inspiration. It also takes money. And a good deal of it.

To date, Alcatel invests some \$1 billion every year in Research and Development.

In doing so, Alcatel is perfectly positioned to design and manufacture across the full, yet ever-growing range of communications systems. These include Public Network Systems, Transmission, Business Systems, Cables, Network Engineering and Installation.

It's a commitment that is destined to take Alcatel well into the future. No matter where the future lies.

ALCATEL

Alcatel n.v., World Trade Centre,
Strawinskylaan 341, NL 1077 XX Amsterdam, The Netherlands.

ADVERTISING SECTION

1992 The World's Rendezvous With Europe

In July of this year, Austria formally applied to be admitted to the European Community. The decision can be traced back to the early part of the decade, when the Austrian government moved toward a more Europe-oriented approach. In contrast to former Chancellor Bruno Kreisky's emphasis on the nation's role as international peacemaker and mediator.

There was no sudden turnaround, but a gradual shift in Austrian foreign policy," says political scientist Helmut

No one really knows what EC membership will entail

Kramer of the University of Vienna. "Austria's international political identity has been replaced by a West European one, focusing on closer ties to the European Community."

Nevertheless, as late as December 1987, the Socialist-Conservative coalition government still favored a "global approach." EC membership was only one alternative among several that included, for many people, the more immediately attractive option of associate status.

In early 1988 the Austrian People's Party under Foreign Minister Alois Mock crystallized its opinion to support membership, hoping to capitalize on the issue politically. Chancellor Franz Vranitzky overcame opposition to membership from his Socialist party. And, in mid-1989, Austria's top political parties, excluding the Greens,

Austria / The Neutral Contender

Doubts Remain Despite Positive Steps Forward

reached a political consensus on the need for membership.

On July 17, 1989, Mr. Mock handed over Austria's formal application to Roland Dumas, France's foreign minister, also serving as chairman of the EC Council of Ministers.

"Austria realized that the integration process is determining Europe's destiny," says Manfred Scheich, chairman of Austria's Interministerial Committee for European Integration. "But only equal partners can participate fully in the decision-making."

Since 1960 Austria has been a member of the six-nation European Free Trade Association (EFTA), which signed a far-reaching agreement with the EC in 1973 guaranteeing free trade access. In 1984 the Luxembourg Declaration pledged the two organizations would seek closer ties.

Despite this, analysts contend, the specter of being left out of the EC revived long-standing fears that tiny Austria would not be able to survive alone. EFTA was no longer seen as an adequate substitute, despite studies showing member nations prospering more than their EC counterparts in the 1980s.

Austria is more dependent on the EC, which accounts for roughly two-thirds of its foreign trade, than most of

the other EFTA countries. At the same time, its level of direct investment is much lower. Nor does Austria have multinationals such as Sweden's Volvo or Nestlé of Switzerland to fly its flag abroad.

"As an EC outsider we stand to lose more than the rest of EFTA," says Fritz Breuss of Vienna's Institute of Economic Research, whose studies conclude membership would mean up to a 4.5 percent increase in GNP, 3 percent higher than if it stayed out.

"There are no major economic obstacles to membership. We'll have fewer problems than Spain or Greece," Mr. Breuss says.

Membership does have its price: for example, lowering duties and taxes to prevailing EC rates would reduce budget revenues, and Austria would pay the EC up to \$1 billion more than it would receive in return.

Many farmers, small businesses, protected industries and people living along Austria's congested transit routes view the move as a threat. Some critics believe Austria should examine other alternatives more closely, particularly the idea of a multi-lateral EC-EFTA agreement floated by EC Commissioner Jacques Delors.

"Austria has to adapt to the unified market in any case. EC membership itself is no substitute for Austrian in-

dustry having to internationalize, nor will it solve all the economy's structural problems," says Werner Clement of the Vienna University of Economics.

Observers say membership hinges on the crucial issue of Austrian neutrality. In 1955 the nation declared its "permanent neutrality" months after the State Treaty, which restored Austrian sovereignty and ended 10 years of occupation by American, British, French and Soviet forces.

However, neutrality is not only a constitutional mandate, but part and parcel of the Austrian psyche. Three-quarters of the Austrians questioned in a recent survey said preserving neutrality was a higher priority than EC membership.

Studies completed by experts on international law conclude that the problem can be solved by negotiations, provided a special clause with a neutrality guarantee is included.

Recently, Chancellor Franz Vranitzky indicated Austria's support for EC efforts to establish a political alliance, and one member of Austria's Parliament floated the idea of a formal Austrian pledge not to interfere in case a conflict broke out.

In Austria itself, the EC issue is far from being settled. "Membership and neutrality are not compatible. The EC

is likely to develop towards a political and security union," says Mr. Kramer, adding that membership "would signify a shift in the balance of power in Europe." The Soviet Union has already indicated its concern that Austria could slide into the NATO orbit.

Political scientist Peter Gerlich states, "Our neutrality is a permanent one. We can't play around with it through some legal trick, nor can we simply withdraw in case of an emergency. We'll lose our credibility if it is given up as a matter of convenience."

Austria's move caused unease in many capitals across Europe. Following Austria's "Letter to Brussels" in July, Belgium's Foreign Minister Mark Eyskens temporarily blocked action on the petition.

"The conflict shows that the EC is just beginning to develop an approach to Austria," Mr. Scheich says. The government will engage in "active lobbying on all levels at home and abroad," as well as an "intensive dialogue" with the Austrian people. The Austrian delegation in Brussels is the biggest abroad.

With the creation of an integrated market as the top priority for the European Community, Austrian officials concede eventual membership will take at least 4 to 5 years, and probably



Austria's Chancellor Franz Vranitzky supports EC efforts to establish political alliances.

Involve winning the approval of the EC Council of Ministers, the European Parliament and EC member nations, as well as a nationwide referendum in Austria.

However, growing skepticism on the part of the population has replaced an initial euphoria. Should it come down to a referendum, analysts already warn of a "Norwegian scenario," similar to Norway's rejection of membership in 1972. There is an Austrian precedent. The country said no to atomic energy in a 1978 plebiscite.

"The problem is that no one really knows what EC membership will entail. The outcome depends on what the EC has to offer," says Mr. Gerlich.

Clifford Stevens

Interview / Percy Barnevik, ABB

Risks and Rewards

Continued from Page 9

larity, because ABB was a bidder. I would say, generally, we are not in a free bidding situation yet in Europe. However, discussions have started. You will see increased competition across borders, but it's tough. Some companies, some plants will disappear.

How do you see bids from non-EC companies, such as Swedish or American companies not established in the EC, being handled in the future?

My understanding is that rules on reciprocity will apply to the countries where the companies are based. I cannot imagine the Americans would open up [their] infrastructure programs without [also] being allowed into Europe. The key message is that Europe will open up, internally and to the outside world, on the basis of reciprocity.

What are the main directions being taken with regard to high-speed train services in Europe?

Up to 1995, there already is a firm commitment for a high-speed rail network in Europe. The French are far along in their country, there is the Channel Tunnel project, there are links in Germany, Spain, Sweden, etc. including the plans up to the year 2005. It is a US\$100 billion program.

What are the major problems facing the planners of this European rail system?

It will take a lot of adjustments to cross borders effectively. There are different gauges, different voltages, different signal systems.

How can the systems be linked?

Railroad technologies are being developed that make competing systems compatible for the same customer. This happened in Queensland, Australia, where ABB was competing against Hitachi. We both won by getting a part of the order. With microcomputers we had to develop the technology that enabled the customer to run the different locomotives for long trains carrying coal.

What is rail transportation's contribution to a better environment?

Look at the reaction to pollution, accidents, congestion, destruction of roads because of heavy truck traffic. Europe won't put up with long-distance traffic on roads when it's better suited to rail. Of course, the railway companies also must become more competitive.

How many locomotive manufacturers are there in Europe, and will there need to be a shakeout?

Based on a recent count, there are 24 in Western Europe and 13 in Eastern Europe. Most people, including myself, are 100 percent convinced there will be a shakeout. It's a matter of who, when, how.

How would closer links between EFTA and the EC affect your business?

A lot less than many other companies. We are lucky to be established in so many European countries. We have presently over 80,000 people within the EC and over 70,000 in EFTA. Membership opens new doors for EFTA countries. In a broader EC-EFTA European market, we would, for example, be able to use an Austrian or Italian engine in a German locomotive, and vice versa.

You recently noted that ABB now does 64 percent



Percy Barnevik, President, ABB.

of its business in Europe, but that during the next five years, your biggest growth, aside from North America, will be in Asia. Where and what?

Firstly, Southeast Asia, India, China, the NICs and, hopefully, Japan. Secondly, the growth will come in the whole energy sector. They badly need electricity, transmission systems, transportation. They cannot import everything. That's why we have 20,000 people employed over there already, and why our investments are increasing.

Do you see a renaissance for trains in the United States?

There is a future for trains in the United States. I see corridors, like the northeast corridor. And the south and the west. But it won't develop quickly. We have about 18,000 people employed in North America and we will see an increasing share employed in transportation.

In what areas are you co-operating with the Soviet Union and the East bloc?

Power generation, transmission, transportation and environment. We are doing joint ventures, through our companies in Germany, Austria, Switzerland, etc.

the latest one with the Soviet Union involved the Fläkt affiliate in Finland. You have to take the long-range view on the return... it's not the fast buck.

How do you assess Soviet technology?

The Russians have done a lot of research into high-voltage technology. They have a lot more technology than we in the West often perceive. The problem is the system - getting it into commercial, practical use.

How are you affected by COCOM restrictions on exporting of sensitive technology?

Some liberalization has taken place in COCOM rules and the administrative procedures have improved. I believe that trend will continue.

GET A HEAD START ON EUROPE 1992 WITH FRANCE TELECOM



Europe 1992 will be full of opportunities. And France Telecom is ready today to help you meet the challenge head on. Connecting with France Telecom means accessing the world's most digitalized phone system. The largest packet switching data transmission network. The world's most extensive videotex system. And fully operational ISDN. Whether you need

leased lines, private or public networks, satellite links or fiber optic cable connections, we're ready with our European partners to develop the most efficient and cost-effective solutions to your communication needs. Bring a new dimension to your business with France Telecom. Where tomorrow's Europe is taking shape today.

FRANCE
TELECOM



UN AVENIR D'AVANCE

1992 The World's Rendezvous with Europe

The Eastern Bloc / Quotas and Tariffs

Joint Ventures Smooth The Way to Cooperation

Ironically, the plans for a unified Europe are being made while some Council for Mutual Economic Assistance (Comecon) countries and Soviet republics are demanding greater independence. Hungary and Poland receive the lion's share of media attention, but in terms of preparation for 1992, Hungary and the Soviet Union seem to lead the pack.

The September 1988 Treaty on Trade and Economic Cooperation stated that the EC agreed to abolish or reduce quota and tariff barriers on Hungarian exports by 1995. That date has since been moved forward to 1990. EC foreign ministers recently agreed to include a \$200 million credit

Siicontact GmbH was established in 1974 as a joint venture between Siemens (49 percent) and Intercompany (51 percent), a Hungarian trading company. The U.S. trading firm, Getz (a member of the Marmion Group of Companies) bought 100 percent of Intercompany on September 4, 1989. Sixteen days later, Siemens decided to purchase additional Siicontact shares, making it the majority shareholder (51 percent) effective January 1, 1990.

In light of the recent moves by American and Japanese firms to create a stronger foothold in Europe, Getz's purchase may signal a secondary trend: non-EC companies buying into EC joint ventures that have been established outside of the Common Market.

Siemens' investment in Hungary was not only the earliest, but one of the largest joint venture commitments. Its recent signing of joint venture agreements with two Budapest-based firms, Duna-Kabel and DunaTel, means that its total capital investment in Hungary may exceed DM40 million. Last year, it sold DM120 million of goods and bought DM45 million worth of products in Hungary.

Dr. Schöning is confident that Siemens will get a healthy return on its most recent investments: "If Hungary wants to create a competitive industry, it must be able to offer a modern infrastructure, which includes telephones and cables."

The total capital investment by Western companies in Hungarian joint ventures is very low, less than \$600 million. To increase the level, more investment guarantees are needed. The government should also increase joint venture credit lines, lower corporate taxes and continue to streamline the bureaucracy, says a Budapest-based West German diplomat.

Western observers and Comecon economists agree on the importance of joint ventures in Eastern Europe, particularly as it prepares for 1992.

"Joint ventures have a tendency to force an economy to move towards integration and liberalization," adds the diplomat.

Joint ventures provide many advan-



Joint ventures are helping bring new consumer goods to Hungary.

tages to their Eastern European partners: reinvested profits, hard currency from exports and access to Western technology and marketing skills. In the long run, says Dr. Schöning, the training, the technology and the ability to meet EC standards is probably more valuable than the actual capital investment.

Comecon optimists speculate that some EC companies may set up joint ventures in Eastern Europe to lower their production costs. "West German manufacturers, for example, which have relatively high production costs, may decide to manufacture some of their products in Hungary," says Mr. Répásky. "Even though Hungarian labor may not be cheaper than in Greece, if quota and tariff agreements were improved, then such a move may make German firms more competitive."

Then again, maybe it wouldn't. "We have trade unions and two million unemployed people in West Germany. If we were going to transfer a factory only to reduce production costs, then we could just as well go elsewhere," says Dr. Schöning.

"Hungary should strive to get into the EC. It's an aggressive move, but look at Portugal and Greece. Hungary can reach their level of economic development in five to 10 years, and it will be able to compete within the EC if the rate of foreign investment contin-

The Nordic Nations / Toeing the EFTA Line

Bilateral Negotiations Establish Common Ground

Harmonization, yes; membership, no; that is the EFTA line on European integration. Based on the ideas proposed at Luxembourg in 1984, Sweden, Norway and Finland have instead set their sights on an 18-nation European Economic Space (EES).

The EFTA line emerged slowly, not least because its definition involved the piecemeal negotiation of bilateral agreements rather than a single, radi-

member the referendum in 1972 that divided the country and separated families and friends over the question of EC membership.

The new Norwegian conservative-center government has just declared it won't raise the issue again, particularly as the Center party is adamantly opposed to membership.

In Sweden, neutrality is a foreign policy dogma. The government has shown some softness, however, by saying that the question of membership is not an issue "for the time being." One Swedish diplomat says that opinions could change if Volvo — the symbol of Swedish industry — emigrates to the EC. Another diplomat admits that a drastic decline in Swedish welfare as a result of staying outside the EC may also change the present attitude. The breakdown of the Soviet empire and the general detente in Europe could similarly affect the Swedish view.

In Finland there are no such openings, even though Finland's trade relations are increasingly Western-oriented. Finland's neutrality is even more sacrosanct than Sweden's.

The ideal of applying for membership seems to be far away in all three countries, yet they are all prepared to adjust to the internal market. Indeed, some adjustments have already been made, most importantly in the field of free capital movement.

"This deregulation would have come anyway," says a Swedish government official. "It only came a little faster because of the EC."

Generally speaking, the Swedes are the most eager exponents of harmonization. Sweden has so far adjusted to 20 of the 279 directives in the EC White Paper, mostly those concerning small things like fire control systems in hotels. But figures like these are less meaningful when viewed alongside the more important issues that remain to be negotiated.

The current discussions between the EFTA countries and the Commission could well lead to a whole package of adjustment during 1990. As a Swedish official put it, there could then be a "ketchup effect."

Anne-Marie Asheden

"Everybody is so political they neglect the economy!"

line in next year's budget to assist Hungarian and Polish reforms. They also encouraged EC members to contribute funds on an individual basis.

Cooperation between Comecon firms and EC corporations is increasing but not fast enough for many observers. Some, such as the Hungarian Ministry of Finance's Deputy General Director Csaba Répásky, are also pushing for Hungarian firms to invest more in the EC so "they would be right in the market and able to follow trends more closely."

The Soviet Union and Hungary each have a few hundred firms with offices in EC countries, the majority of which are trading companies. The ties between Comecon and West Germany are particularly strong. West Germany has about 100 joint ventures operating in Hungary, 30 in the Soviet Union, and a dozen in Poland. The Hungarian-West German link is the strongest in terms of per capita investment. Last year, West Germany's trade with Hungary totaled DM2.2 billion (\$4 billion) in imports and DM2.8 billion in exports.

Romania was the first Comecon country to have a Western joint venture, but Hungary has since proven to be the favorite. "Hungarian laws are the most liberalized, the most modern," says Dr. Reiner Schöning, director of Siicontact in Budapest.

Integration / Twelve and Still Counting

Contenders Adjust to the New Europe

Continued from Page 9

would imply massive upheaval for EFTA, which would have to agree to set up a joint administrative umbrella organization with more clout than the Geneva-based EFTA Secretariat and some kind of regulatory body parallel to the EC's Court of Justice. It is also not clear how the EC would be able to reconcile its fiercely guarded autonomy with giving EFTA a say in a joint decision-making process.

Not all the EFTA countries are happy about the prospects of upheaval. EFTA's own dissent on the pace of change was only calmed at its Oslo meeting in March when the Nordic Council members threatened to abandon Austria and Switzerland to their own bilateral devices.

Sweden is keen: sources suggest that it has been more efficient in implementing the Community's 1992 legislation than some of the member states. Switzerland, which has built up a network of bilateral relations with the Community and is sometimes accused of dragging its feet within EFTA, is reluctant to see new institutional powers introduced. Neutral Finland is keeping quiet. And Norway and Iceland are reluctant to agree to the free movement of people, fearing an almost mythical influx of out-of-work vagrants from southern Europe. Iceland is also unhappy about the prospect of having to share its scarce fish stocks with an armada of EC boats, and none of the six are prepared to take on board the Community's burdensome Common Agricultural Policy.

In Brussels, anguished voices have been raised over the risk of damaging the Community's own internal cohesion amid fears that closer ties with EFTA could leave Spain, Portugal and Greece struggling even farther behind their northern partners.

According to Thomas Pederson's RIIA discussion paper on "The Wider Western Europe: EC Policy Towards the EFTA Countries" published a year ago, the United Kingdom, Denmark, West Germany and the Netherlands are all more or less in favor of closer integration.

Some observers even see the promise of closer ties with EFTA as an attempt to prevent West Germany from being distracted from its EC obligations by developments in Eastern Europe.

There are real possibilities, however, that EFTA will provide a stepping stone for newly democratic East bloc countries to eventually join the EC. West German Chancellor Helmut Kohl said recently: "I believe that by the turn of the century other countries will have joined the EC, such as Austria, and possibly also countries from the East bloc, such as Hungary."

Hungary signed a Trade and Eco-

nomic Cooperation Agreement with the Community in July 1988, and a similar agreement was initiated with Poland this autumn. Hungary is already the most successful East bloc campaigner for EC business via a network of joint ventures and direct investment. Possible trade agreements with Bulgaria and the Soviet Union are now under discussion and could be signed before the end of the year.

French Foreign Minister Roland Dumas and Jacques Delors both insisted on moves to reinforce the EC institutions and to explore new ties with Hungary, Poland and East Ger-



Trade agreements between the EC and the Soviet Union are now under discussion.

many at an informal meeting of EC Foreign Ministers at Esclmont last month.

"I am a partisan of a policy of small steps, but sometimes I am accused of a lack of audacity. The events in Eastern Europe demand that there be an acceleration in the construction of the EC," said Mr. Delors.

Amid the upheaval in Eastern Europe, the Mediterranean neighbors, Mr. Delors' "orphans," are in danger of being overlooked. The Commission will present a report on Turkey's application before the end of 1989 that, according to Commission sources, "will neither encourage them nor discourage them." The Commission will make clear its determination not to embark on negotiations with any state before 1993, "but won't be saying anything about after 1993 either."

"Adjusting to the Community now would be difficult, and Turkey's accession could threaten the EC's own economic stability, but this process would be even harder after 1993 once the internal market is up and running," sources said.

Turkey's accession, edged to the forefront by Austria's ill-timed application, would in practice depend on a successful solution to the Cyprus problem. Although the Cypriot ambassador to the EC, Nicos Agathocleous, said recently that the two were not linked, the need for unanimity in the

Council of Ministers makes this unlikely. The new powers of the European Parliament — which, since the Single Act, must now vote by an absolute majority in support of an application for membership — would also be expected to be brought to bear.

Commission sources warn that a request for membership from Cyprus now could stall talks, mediated by the United Nations, between Cypriot President Georges Vassiliou and his Turkish counterpart, Mr. Denktash. Mr. Agathocleous claimed recently in an interview that the prospect of membership, with a specified date in sight, could act as a catalyst in resolving the problem stemming from the occupation of northern Cyprus by Turkish troops since 1974. Although the Cypriot economy is in good health, and relations are well on the way to customs union, the Community is not prepared to saddle itself with this sort of political problem, sources said.

Farther along the Mediterranean lies Malta, split roughly 50-50 between the nationalist party, "who are ferociously pro-membership," and the socialists, "who are ferociously against," according to sources in Brussels. Whatever the outcome, Malta's 300,000-strong population stands to gain little from formal EC membership. Rather too amicable relations with Libya's General Gadhafi, political instability and Malta's non-aligned status could also pose problems.

Yugoslavia already has close links to the Community because of its strategic position between Greece and the other member states and an Association Agreement paving the way to eventual membership. But the absence of a pluralist democracy and market economy structure together with annual inflation running at over 1000 percent mean that Yugoslavia's chances of admission are slim.

The Commission says that these southern countries are, however, being catered to within the framework of a coherent Mediterranean policy. But this is based more on assistance and market access than free trade. Malta, for one, is already stalled at phase one of its two-step path to customs union. Other countries are also having problems in making the most of existing agreements.

Although the Maghreb countries nudge against the Community's Mediterranean policy, Morocco's botched application (in a letter from King Hassan II to Jacques Delors) should forestall any other abortive attempts from non-European applicants. North Africa is currently busy using its experience of the EC to try to assemble its own Arab Maghreb Union (UMA). Meanwhile, the EC presses ahead with plans to create frontier-free trade by 1992, well aware that its neighbors are looking over its shoulder.

Lucy Walker

They will enjoy the fruits of our research.



The year 2010 may seem far off. But there is one prophecy we can make right now: energy economy, transportation, and environmental protection issues will be no less important than they are today.

As the world leader in electrical engineering, we focus our research and development efforts on these areas. The results have far-reaching effects.

Take our ingenious burners and combustion chambers for fossil fuels, for example. They offer extremely low emission values of pollutants, and provide customers with the most modern power-generation equipment for new plants, or the upgrading of existing ones.

Or take ceramic fuel cells which convert the latent energy potential of fuels directly into electrical power. Their use in power generation will lead to spectacular increases in efficiency and minimize CO₂ emissions.

Novel semiconductor devices and power electronic systems will play an important part in future, safe, high-speed, rail transportation systems, both in and between major cities. And emission-free electric vehicles will become a practical alternative to today's cars with internal combustion engines.

The \$1.5 billion we invest annually in research and develop-

ment of this kind is not only of benefit to our customers in terms of immediate results. It also ensures that they will have a business partner at the leading edge of electrical engineering and environmental technologies 20 years from now. Which is when our children will take over.

ABB
ASEA BROWN BOVERI

ADVERTISING SECTION

1992 The World's Rendezvous With Europe

Turkey / On the Outside Looking In

Bid Places Future in New Perspective

The EC Commission still has two months to submit its report on Turkey's membership application, but one thing is already clear. There are no easy answers for Ankara.

The lack of immediate action is being taken surprisingly well by the Turks. In contrast to the head-on rush for membership in April 1987, everyone is ready to grant the EC its right to turn inward for a while following its rapid expansion.

"They have the difficult task of evolving the single market by January 1993, to harmonize diverse policies and legislation," notes newly elected

At worst, the public expects a few years' delay

president Turgut Ozal. "The important thing for us is that we should not be cast aside, that we should be given a green light."

Deputy Premier Ali Bozer, the man responsible for Turkey's ties with the EC, dismisses suggestions that a 26-year-old Association Agreement could be revived in place of the membership, which, he believes, should not be delayed too long. Turkey's economy may be less developed, but "technical considerations should carry less weight than political ones in our case."

The problem is that the other side apparently has such different views that even if the criteria were changed to suit Turkish preferences, they would still find some stumbling blocks.

The Turkish public has been conditioned to expect, at the worst, a few more years' delay in membership. But the leak in Strasbourg of the "Main Arguments against Turkey's EC Membership" has now awakened Ankara's awareness of the "political" hurdles that also face them.

Turkish nationalism, the country's human rights history and Islamic culture were cited beside such "economic" barriers as low living standards, chronic inflation and the relatively big share of agriculture in the economy. Uncurbed population increase also drew critical attention, raising the specter of new armies of jobless flooding Europe.

The official reaction in Ankara was

suppressed anger, while the press was more overtly irritated.

Then-premier Ozal, who until recently was daring the EC to "refuse Turkey and see the emergence of a new Japan," warned that a negative [EC] attitude "would have adverse bearings on the long-term peace of the Middle East."

But he also strove to appease the critics, recalling a human rights face-lift with the signing of two international conventions against torture, the granted right to appeal against these abuses in the European Human Rights Court, promised prison reforms, the restriction of the death penalty and even hints of the future legalization of communist parties.

Mr. Bozer, too, gave a measured response. "We shall not depart from realism regarding the membership and show due understanding for the concerns of the present members," he said.

More specifically, he added: "There can, of course, be periods of adaptation even after full membership, like those set for Greece, Spain and Portugal, say, for the postponement of free circulation of workers to a further date." For the record, he is guarded as to the consequences of a possible snub: "Let's say it won't be in the interests of both sides."

Other, pro-Western, forces in Turkey's complex fabric also appeared irritated with the opponents of "the country's rightful place in Europe's economic and political integration, hard-won with heavy contributions to its security."

As expected, the military is less prone than the politicians to reach for "the NATO trump." But within the large officer corps, too, one detects the spreading sense of being left, with all the attendant perils, alone in the no-man's-land between a neighboring superpower and an evolving new one.

As for the intellectuals, many are insulted by the prospect of Turkey being stuck in the orbit of an exclusive, rich and Christian Europe. Others are, in the words of one, "disappointed and appalled with the selfishness and shortsightedness of plans for a Europe encased in a glass dome to protect its material and cultural riches from 'leaking' to the less-deserving rest of the world. What a

fool I was to hope for an enlarged vision of the 21st century."

Businessmen are less romantic, more concrete about what they want: "We, as a member of the Western alliance, have carried out our obligations and expect Europe to do likewise," says Ali Coskun, president of the Union of Turkish Chambers of Commerce and Industry.

"We expect the decision [on membership] before 1992," he continues. "Any more foot-shuffling will aggravate our losses, since we have oriented our economy, our investments on the assumption that we'd be EC members soon and gain access to funds available to Greece, Spain and Portugal."

He readily concedes that the EC is a "most stable market." But, he adds, "it's not necessarily our only choice. There are the four investment tigers and four exporting tigers of the Far East."

Japan, at least, keeps cropping up with increasing frequency in arguments concerning Turkey's ties with Europe.

Temel Iskirt, Mr. Bozer's head adviser, has long- and short-term uses for the "Japan card" as a potential partner in case of a break with the EC and as a bargaining chip. "I don't see any EC country relishing the idea of Turkey becoming a forward base for Japanese industry."

Mr. Iskirt, too, stresses Turkey's political will and contractual right to join the European Union, based on the 1959 application in accord with the 1957 Rome Treaty and "confirmed with the Association Agreement, which was to prepare Turkey for political integration."

"Yes, the integration requires democracy and prosperity," he adds. But despite three coups over the past 30 years, wasn't the West satisfied with the sincerity of Turkey's democratic aspirations?

All right, he argues, the country's \$1,100-dollar-per-capita GNP is less than a fifth of the EC average. "But didn't the sum go up to \$4,700 when OECD purchasing power parities were applied?" It was the OECD that put Turkey's GNP growth rate at twice the EC average. "The important thing is the trend and where that trend will take us on the day we join the Community."



Deputy Premier Ali Bozer is responsible for Turkey's ties to the EC.

He ventures no suggestions as to that date, but the start of membership talks in 1993 would be "reasonable." The protraction of the negotiations will, realistically speaking, be "inevitable." But a declaration of intent before 1992 is "desirable."

Why should the EC want to expand any further? "You cannot expect anyone to desire parting with his comfort. The relevant question is the cost of not doing so. Here you have Turkey, a secular Islamic country in a very important geostrategic location, identifying with Europe. In my opinion, Turkey would have a weaker case if it was Christian. The know-alls erred badly about Iran."

The chances of a similar surprise? "I don't believe in blackmail in international relations and cannot foresee a conscious decision to leave NATO in case of rejection by the EC," he says. "But who knows where the events can lead?"

The so-far-sidelined fundamentalists denounce "Western colonialism" and champion an "Islamic common market." But there is a rare consensus between the government and the parliamentary opposition regarding the direction Turkey should take.

Secretary General Deniz Baykal of the opposition Social Democrats sees the EC aversion to immediate integration as "justifiable, provided membership remains the mutual aim."

He traces the identification with Europe to Turkey's efforts to redefine itself in the early republican years of the 1920s and to see itself as part of a new political and cultural makeup.

For him, the big danger would be if Turkey now found that, despite all its efforts, it was not a part of Europe. Its identity would then have to be redefined yet again.

Business News / Update

Slow, Steady Progress in Implementing Directives

EC Commission President Jacques Delors is expected to urge EC member governments to move on implementing stalled 1992 legislation at their summit meeting in Strasbourg on Dec. 8-9. Several EC member governments remain slow to act on 1992 legislation, but, paradoxically, the EC Commission, the Community's executive branch, is continuing to win approval for proposed measures from the EC Council, grouping the 12 member governments. The Commission reports that it has proposed 247 out of the total 279 needed for the full, internal market; 18 proposals were withdrawn; 101 are waiting for adoption and another 50 will be proposed by 1991.

To date, the Council has adopted 128 of these proposals. However, only seven of 68 directives that should have been implemented so far have become national law in all 12 member states. Spain, Italy, Greece and Portugal were singled out as offenders, but Britain, France, the Netherlands and Denmark were praised for efficiency in implementing EC-92 measures.

Western Europe's worldwide trade deficit in electronics products widened sharply to \$33 billion in 1988 from \$22 billion the year earlier and \$14 billion in 1986, according to the French Electrical and Electronics Association. European exports covered 32 percent of growing imports from the United States and only 5 percent from Japan. "We have no European strategy, whereas the Japanese had theirs starting in 1958, and the situation is getting worse," says Abel Farnoux, association spokesman and adviser to Edith Cresson, France's minister for European affairs.

For the first time last year, Mr. Farnoux says, Europe's telecommunications industry posted a worldwide trade deficit: \$170 million, due to a doubling of its deficit with Japan. The figures included the 12 European Community countries plus Austria, Switzerland and the Nordic countries. Europe, however, slightly increased its worldwide share of electronics production in 1988 to 23 percent from 21 percent in 1984, while the U.S. share of world markets slipped to 37 percent from 47 percent. Japan raised its

share to 27 percent last year from 21 percent in 1984, according to the association's report, published last month.

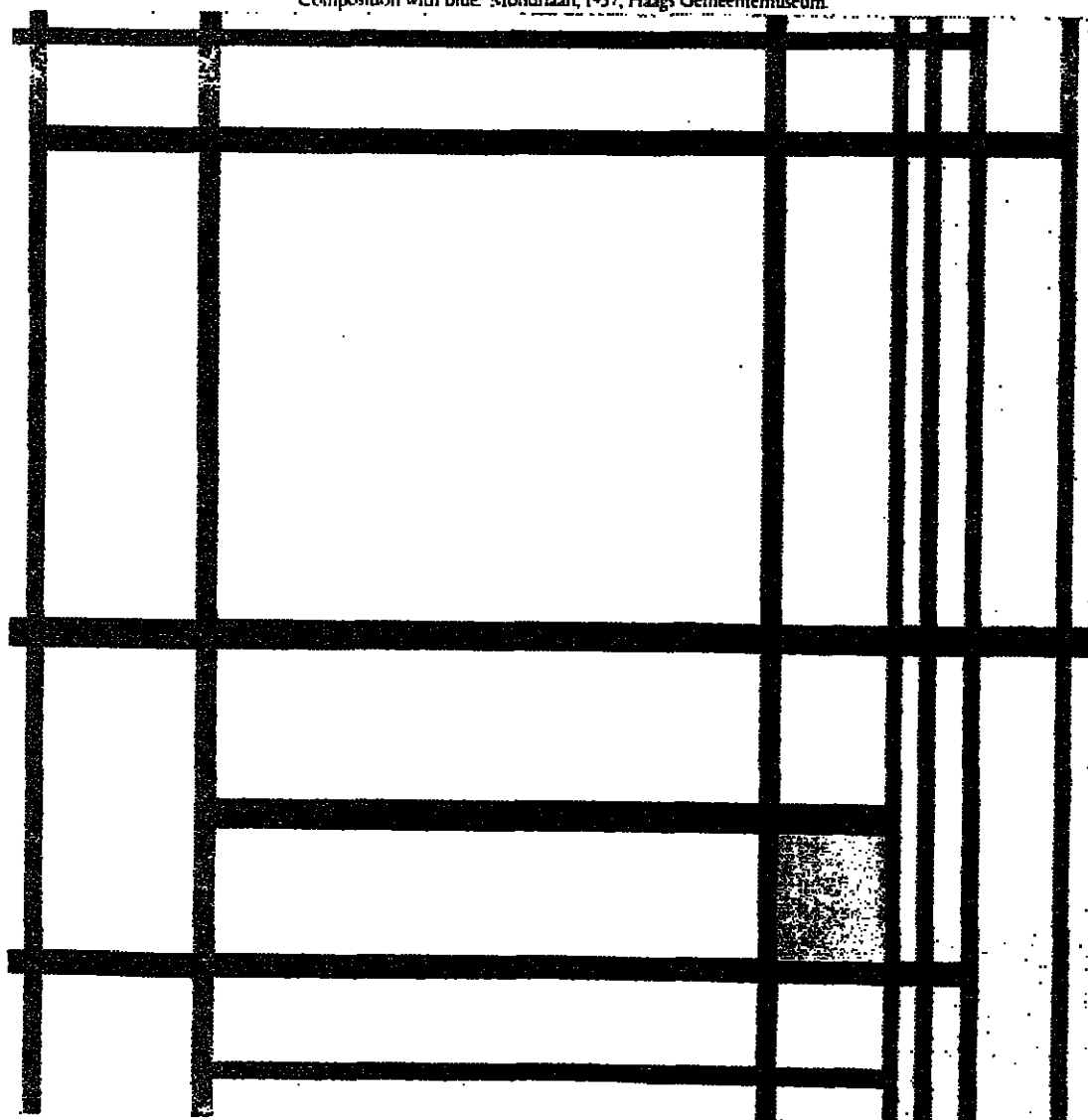
For many years, Brazil looked askance at its former mother country, Portugal. But the combination of domestic economic crisis and violence has triggered a flow of migration and has stirred Brazilian investment interest in Portugal, mainly as a springboard to the rest of the EC.

According to recent figures supplied to the English-language magazine *Europ* by Brazilian consulates in Lisbon and Porto, most of the 12,000 newly registered immigrants are educated, middle-class professionals. And the flow is expected to accelerate, Portuguese officials say. Brazil also has made inroads in Portugal's television market, notably with highly popular soap operas, which has triggered protests from intellectuals about "colonization" of Portuguese culture by Brazil.

Companies operating in five EC countries can now take advantage of a new European corporate entity known as the European Economic Interest Grouping, EEIG, best described as a limited purpose joint venture. The proposed structure resembles the Airbus consortium and the Carte Bleue banking network, and need not operate at a profit, according to Debevoise & Plimpton, a U.S. law firm with extensive operations throughout Europe. The firm reported that as of July 1, five countries have adopted the implementing legislation following earlier approval by the EC Council: Britain, France, West Germany, the Netherlands and Belgium.

American companies announced 99 new manufacturing projects overseas in the first six months of this year, with Western Europe the preferred location. According to the non-profit Conference Board Europe, based in Brussels, 57 new U.S. projects were located in mainly EC countries, led by Britain with 18, followed by West Germany (8) and Italy and the Netherlands (7 each). About 20 new U.S. investments were announced for the Pacific Rim, six of them in Japan and four in Australia.

Composition with blue. Mondriaan, 1937, Haags Gemeentemuseum.



Mondriaan, 1937, Haags Gemeentemuseum.

In art, agribusiness and banking, you need vision and dedication, to reap the rewards.

The Dutch artist Mondriaan spent more than 20 years refining a style of painting he called neo-plasticism. Similarly, Rabobank has moved carefully in building, defining and refining its own vision on banking. And as the Dutch economy and agribusiness grew, so did Rabobank, becoming the largest domestic bank. Today, with total assets of US\$ 80 billion, Rabobank is one of the top 50 banks in the world with offices in major financial centres and ports around the globe. If you are looking for sound, expert advice on any aspect of agribusiness, food-processing- or commodity-financing, call on Rabobank and find out how vision and dedication can pay off for you.

Rabobank

The Art of Dutch Banking

Rabobank Nederland, Croeselaan 18, 3521 CB Utrecht, the Netherlands. Telex: 40200.
New York, Dallas, San Francisco, São Paulo, Curaçao, London, Antwerp, Paris, Luxembourg, Zürich, Milan, Madrid, Singapore, Hong Kong, Jakarta, ADCA-Bank (Frankfurt, Berlin, Düsseldorf, Hamburg, Hannover, Munich, Stuttgart).

1992 The World's Rendezvous With Europe

View From Washington / Food for Thought

EC Policy on Agriculture Provokes Trade Dispute

The EC and the United States clashed in October when the U.S. officials presented their latest proposal for a worldwide reduction in farm trade subsidies. Although made in the context of the GATT international trade talks, the U.S. proposal is aimed chiefly at the EC. The EC's interventions in agriculture, Washington maintains, create huge surpluses that the EC then sells at subsidized prices on world markets at the expense of American producers.

The United States has fought with the European Community over its agricultural policies from the moment in

penditures of both the EC and the United States. The cost of all EC farm support programs (including export subsidies) was \$119.4 billion in 1988, while such programs in the United States cost \$73.8 billion.

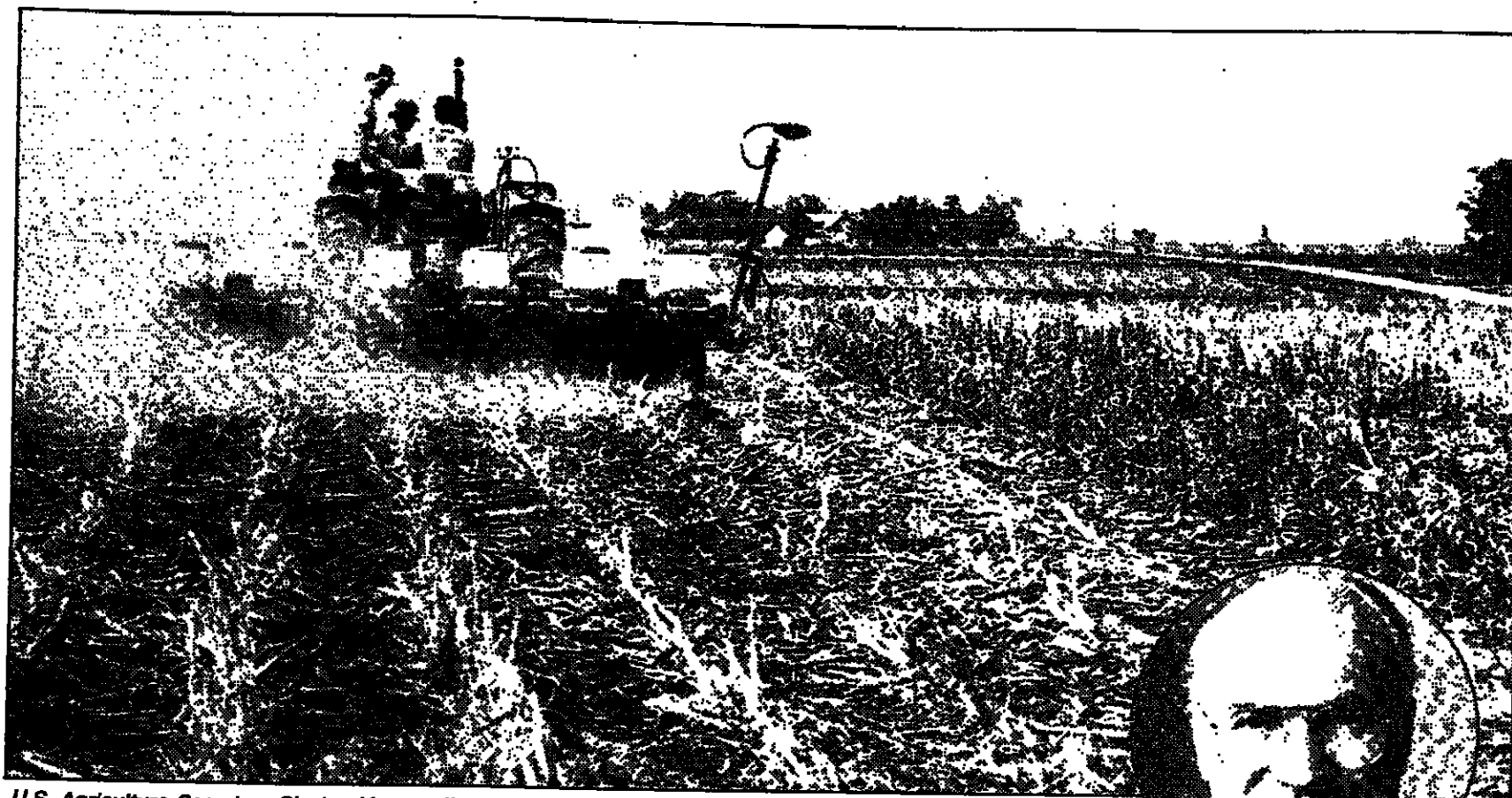
With such large sums of money involved, there is plenty of scope for disagreement.

In the early 1970s, for example, the United States objected to the preferences the EC gave to citrus exports from Mediterranean countries as a form of economic aid. After years of unsuccessful mediation under the General Agreement on Tariffs and Trade, the United States retaliated in 1985 with higher tariffs against European pasta, and the EC counter-retaliated with higher duties on walnuts and lemons. The dispute was settled in 1986 when both sides agreed to implement trade liberalizing measures.

Similarly, when Spain and Portugal joined the EC in 1986, the United States insisted that it be compensated for the loss of soybean and grain exports to those countries. The EC said the losses had to be weighed with the benefits to be gained from lower EC tariffs on industrial goods, but under the threat of U.S. retaliation, Brussels agreed to buy a guaranteed amount of American corn and sorghum.

Sparks flew again this year when the EC banned the import of meat and meat products from livestock treated with hormones. The United States, whose producers make extensive use of the hormones, rejected EC claims that the substances are a health hazard, and slapped retaliatory tariffs on almost \$100 million in EC farm exports to the United States. Negotiators have worked out an arrangement to allow the shipment of some American meat to the EC, but the two sides are still in disagreement over the necessity of the hormone ban.

Although the United States and the EC broke an impasse in the GATT talks last April when they agreed on the goal of "substantial progressive reductions" in farm trade subsidies, the EC said the new U.S. proposal was "deeply disappointing" and "called into question" the April agreement. A major EC complaint is that the U.S.



U.S. Agriculture Secretary Clayton Yeutner (inset) warns of "protectionism and confrontation."

proposal would convert mechanisms such as the variable levy system — which allows the EC to tax farm imports so that their prices don't undercut those of EC producers — into tariffs that would then be eliminated or reduced to almost zero.

The U.S. position at the GATT talks will be strengthened, however, by the support it will enjoy from Australia and New Zealand, both of whom have serious grievances about the EC's farm policies.

Australia has seen its traditional exports to the EC, such as grain and beef, dry up as the EC has transformed itself from a net importer of those products to a net exporter. These EC exports then began to compete with Australia in the third-country markets where it had enjoyed large sales. Because Australia long ago abandoned subsidies for its farm sector, the best it could do about the EC was to protest loudly, through a special trade representative designated to do so. These protests haven't had much effect on EC policies, but Australia has found some relief by focus-

ing more on the ever-growing markets of Asia.

When Britain joined the EC in 1973, New Zealand and the EC agreed to an arrangement by which New Zealand maintained its important exports of dairy products and lamb to the British market. Community tariffs on New Zealand lamb were gradually reduced and finally eliminated at the beginning of this year, but the EC has reduced the amount of lamb permitted for import. New Zealand has also suffered from competition with the subsidized EC exports in third-country markets, and at the moment is worrying about the Greek government's policy of encouraging their farmers to pull up their grapevines and plant kiwis, a major New Zealand export.

"It's a long and sorry story," a New Zealand trade official says, referring to his country's agricultural trade relations with the EC. "Our farm exports are worth a hell of a lot of money, but we've seen a decrease in our access opportunities."

Finding they had little influence when they acted independently, New

Zealand, Australia and 11 other medium-sized agricultural exporting nations joined together in 1986 in the so-called Cairns Group to press for a reduction in worldwide farm trade subsidies. While members of the Cairns Group have been hurt by U.S. farm subsidies, the group generally has backed the U.S. goals in the GATT negotiation.

Referring to the GATT talks, U.S. Agriculture Secretary Clayton Yeutner says that world farm trade is "at a crossroads." If there is not significant movement toward free trade, "protectionism and confrontation" will result, he says. The real question, many analysts agree, is whether farmers and their potent political representatives in Europe and the United States can be persuaded to accept new policies under which agricultural subsidies and other forms of protection will be reduced. Both sides are fearful that the other may gain the upper hand from a shift in farm policy.

"I was in Europe last month talking to farmers," says a senior official of an American farm organization. "Private-

ly, they admit that they are going to have to change, because the world is moving toward less subsidies. But from U.S. farmers I hear a fear that we might act unilaterally. We're going to continue subsidies until our competitors cut way back."

The ability of the United States to play the subsidy game is another element in the calculation. In the mid-1980s, the United States introduced expensive export subsidies (under the Export Enhancement Program) to help American farmers compete with the EC and other agricultural exporting nations. The EC, meanwhile, brought milk and cereals production under tighter control, and enlarged its budgetary resources. With the U.S. Congress under pressure to reduce the budget deficit, and the EC in a better position to match U.S. subsidies, Washington may have less clout in the GATT.

Steve Dryden

FOR US, JANUARY 1ST 1993 WILL BE A DAY LIKE ANY OTHER.



IN OUR BOOK, 1993 ALREADY BELONGS TO THE PAST.

WE DIDN'T NEED AN OFFICIAL DIRECTIVE FROM THE EC OR EFTA TO TELL US TO BUILD EUROPE INTO OUR DEVELOPMENT STRATEGY.

BECAUSE WHERE OTHERS SEE EUROPE AS A STRAIT JACKET, WE SEE AN ESSENTIAL OPPORTUNITY. THE STAKES ARE HIGH, BUT SO ARE THE HOPES.

WE'RE EUROPEANS BECAUSE EUROPE'S 300 MILLION DIFFERENT CONSUMERS HAVE THE SAME KIND OF ASPIRATIONS IT'S A FACT OF THE MARKET AND THAT'S WHERE WE'VE BUILT OUR STRENGTH.

WE'RE TOTALLY INVOLVED IN ALL THE GREAT EUROPEAN RESEARCH PROGRAMS SUCH AS EUREKA, RACE, ESA, ESPRIT.

TOMORROW, ALL EUROPE WILL REAP THE BENEFITS OF OUR RESEARCH LAB'S IDEAS AND DISCOVERIES.

AND WE'RE TO BE FOUND IN ALL THE MAJOR FIELDS OF EUROPEAN TECHNOLOGY: WE'RE ALREADY ONE OF THE LEADING COMPANIES IN MOBILE TELEPHONES, SATELLITE TELEVISION RECEIVERS, TV MONITORS; WE'RE EVEN THE 3RD LARGEST TV SET MANUFACTURER.

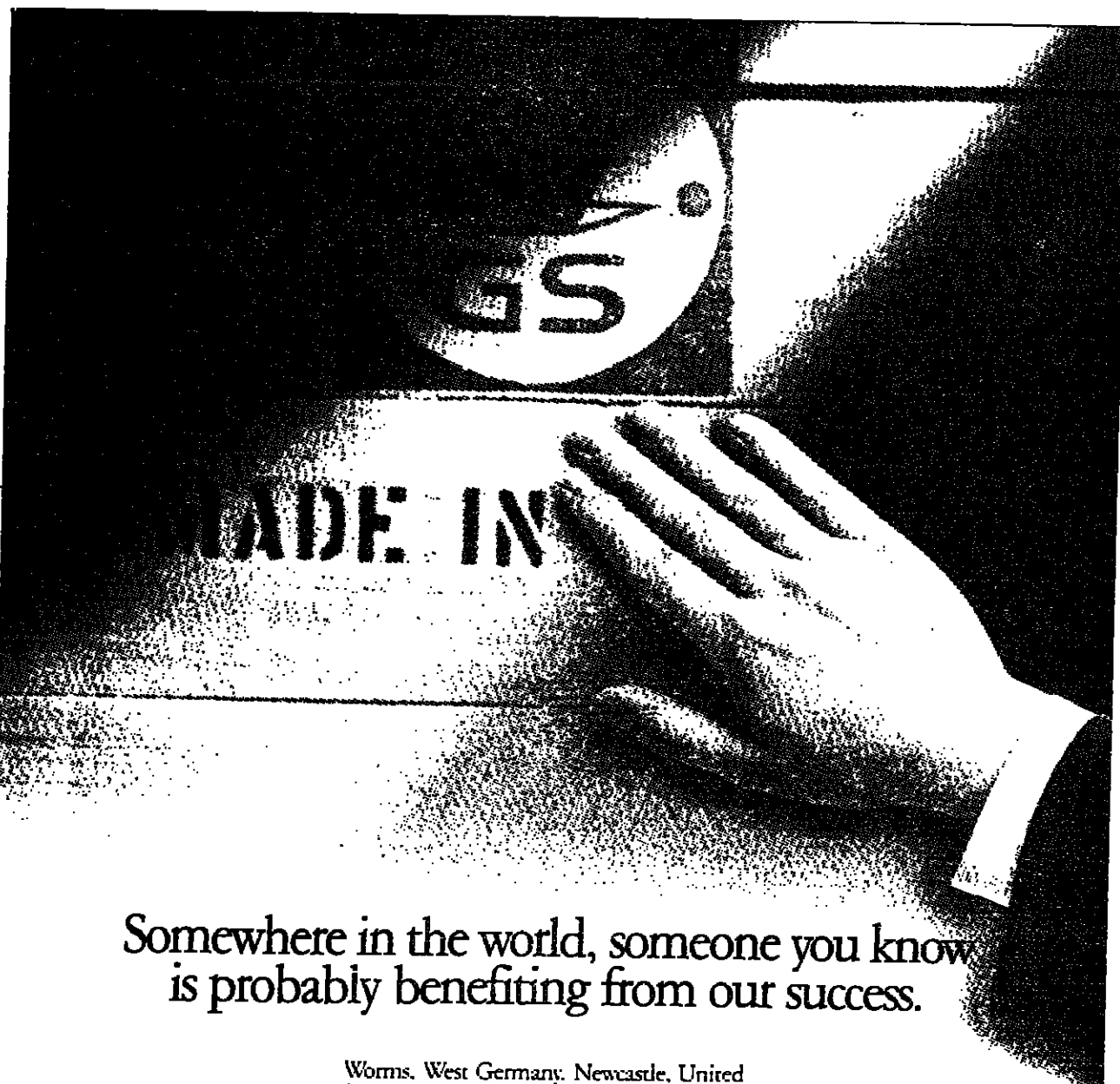
BUT EUROPE ALSO GIVES US A MARVELOUS FUND OF HUMAN TALENT. OUR PEOPLE COME FROM MORE THAN 12 NATIONALITIES, BRINGING A CULTURAL WEALTH THAT BENEFITS EACH INDIVIDUAL.

AT NOKIA, NARROW-MINDED NATIONALISM IS JUST HISTORY.

WITH OUR ANNUAL SALES OF OVER 5 BILLION DOLLARS, AND OVER 42,000 EMPLOYEES, WE'RE NOW JUST WHERE WE'RE GOING TO BE IN JANUARY 1993. SIMPLY BECAUSE WE'RE THERE ALREADY, AS THE EUROTECHNOLOGY GROUP OF TODAY.

NOKIA
EUROTECHNOLOGY

OPERA



Somewhere in the world, someone you know is probably benefiting from our success.

Worms, West Germany, Newcastle, United Kingdom, Zhuhai, China, Pyongtaek, Korea, Huntsville, U.S.A., Izmir, Turkey, Bangkok, Thailand. They all have one thing in common. A Goldstar production facility, providing jobs for thousands of people around the world each year.

We ship our TVs, VCRs, home appliances and audio entertainment equipment to consumers in over 80 countries. As our name makes news around the world, we're exporting our success as well.

And wherever we go, we're known as a good employer and a solid citizen.

Where was it made?

If it's Goldstar, it could have been made in your own back yard.



GoldStar

Goldstar Co., Ltd., Yido P.O. Box 355, Seoul, Korea; Tel: (02) 787-5596/8, Telex: GSRADIO K23751/3, Fax: (02) 787-3400
Goldstar Deutschland GmbH, Harkortstrasse 41, 4030 Raunen 1, West Germany; Tel: (49) 2102-49870, Fax: (49) 2102-49870
Goldstar Europe GmbH, Harkortstrasse 51, 6320 Worms, West Germany; Tel: (6242) 50100, Fax: (6242) 50119
Goldstar United Kingdom, Goldstar House, 264 Bath Road, Slough Berkshire SL1 4EW; Tel: (44) 753-641888, Fax: (44) 753-605061

ADVERTISING SECTION

1992 The World's Rendezvous With Europe

Until recently, the European Free Trade Association was self-effacing, although its six members (Switzerland, Austria, Sweden, Norway, Finland, Iceland) were certainly known. That is rapidly changing, thanks to EFTA's need to find a new role in order to deal with a stronger European Community.

It has always been impossible to define EFTA without talking about the EC because that was its *raison d'être*, according to Deputy Director Per Mannes. The European Community was created to achieve European unity, but EFTA was formed only in reaction to the existence of the EC. "EFTA

'EFTA never had a political objective'

was a result; it never had a political objective," he notes.

Last January, Jacques Delors gave EFTA the impetus to become more political when he invited EFTA and EC ministers to meet on a wider-than-usual range of issues. The ministers will decide in Brussels in December whether or not to open formal negotiations that go far beyond the industrial trade talks to which the two groups have until now confined themselves.

The talks put EFTA in a limelight to which it is unaccustomed. Members have been forced to ask themselves if the time has arrived for both a new structure and a new image. The reply is hesitant: EFTA would like to be seen as stronger in order to better negotiate with the EC. At the same time, the smaller group does not want to move in the direction of the EC itself — in other words, it would like to avoid the

EFTA / And Then There Were Six...

Free Trade Association Redefines European Role

appearance or legal structure of a super state with political ambitions.

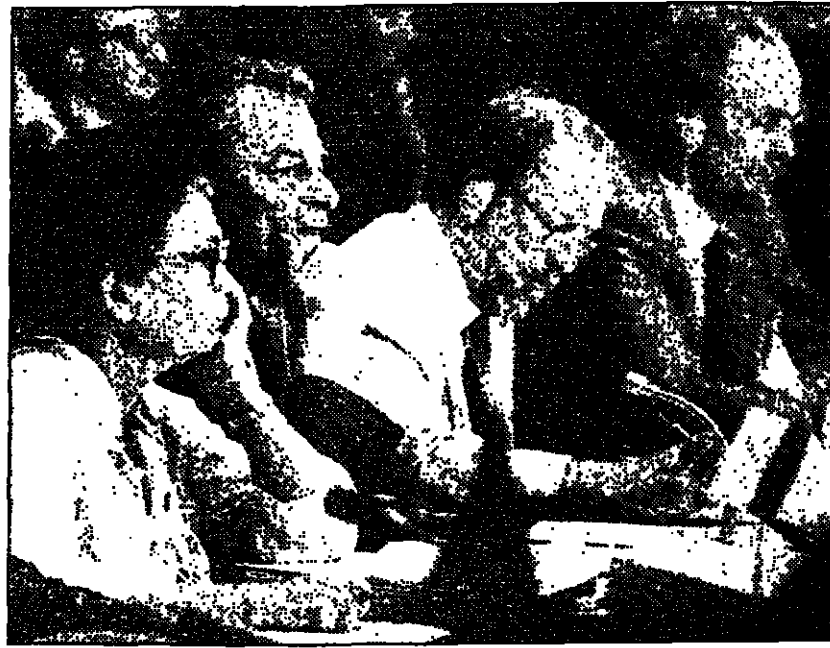
By comparison with the EC, EFTA is small: its six member countries have a total population one-tenth that of the 12 EC nations. Its share of world trade is 6.5 percent of exports and imports, versus 38.5 percent and 37.2 percent respectively for the EC. The organization itself boasts only 90 employees and a budget of some \$10 million — a far cry from the weighty bureaucracy in Brussels.

EFTA may appear to be the EC's little sister, but it has more than a little trade clout. EFTA imports and exports per head are nearly twice those of the EC, and income per head is nearly one third more. EFTA is the EC's major trading partner, well ahead of the United States or Japan.

The EC is of even greater economic importance to EFTA. More than half of all EFTA imports come from the EC and more than half of all exports go there as well.

Given this mutual dependency, it is not surprising that talk emerged in 1984 of a European economic space composed of the 18 countries in the two groups. In trade parlance it is referred to as the EES. It remained little more than an idea, however, with occasional cooperative agreements.

The reason was simple — the EC's plans for 1992 suddenly eclipsed any talk of the EES. This came as something of a shock to EFTA members.



EFTA ministers Anita Graden (Sweden), Jean-Pascal Delamuraz (Switzerland), Jean Balstad (Norway) and Jon Hannibalsson (Iceland) at this summer's talks.

Georg Reisch, secretary-general of EFTA, notes: "Suddenly, European integration had a vision, a clear program and a timetable. But the EFTA countries were excluded from that vision."

Alarms sounded within EFTA as the

EC began to move ahead rapidly, although reaction varied among EFTA's members. Austria quickly lost faith in EFTA's possibilities as a means of participating fully in European integration. This summer it formally applied for EC membership. Austria is

second only to Switzerland as the EFTA country most dependent on the EC; last year 68 percent of Austria's imports came from the EC. The long-time stumbling block to Community membership for Austria has been its neutral status.

Finland has a similar problem. Neutrality lies at the heart of its foreign policy and trade with the East bloc is an important part of its overall trade picture. Of the EFTA countries, Finland is also the least dependent on the EC, although 43 percent of its imports come from the Community.

Switzerland is also wary but pragmatic as 1992 draws closer. Switzerland has in many areas forged ahead with its own EC relationship over the years. It is heavily dependent on the Community (71 percent of its imports) and has some 130 bilateral agreements with the EC, far more than any other EFTA member. There is popular concern, however, that Swiss neutrality and EC membership are not compatible.

Sweden, too, believes its neutrality would not be compatible with EC membership, but there are deeper reasons why Sweden fears a too-strong EC. Consensus decisions are an integral part of Swedish political life, a process that is not, in the eyes of many, compatible with the way the EC works.

Norway's position is, in some respects, closest to Austria's; there was

speculation early this year that Norway would follow Austria in applying to join the EC. EFTA's Mr. Mannes, himself a Norwegian, rejects this domino theory and adds, "In the end it doesn't really matter because what we are trying to create now is a kind of roof over the two [EC, EFTA], and it would just be a question of moving to another area under the same roof."

Iceland is in some ways the odd man out of EFTA, part of neither the Alpine continent nor the Nordic group. But it supplies a means of dealing with the EC as part of a group. The country's all-important fishing industry keeps Iceland at odds with the EC, whose fishermen insist that if their market is open to Icelanders, then Iceland's fishing limit must shrink. Icelanders also fear an influx of immigrants in the case of an EC open labor market policy; the population is too small to handle many newcomers.

Their differences and fears about 1992 caused some hard feelings within EFTA earlier this year. Austria's announcement that it wanted to leave, coupled with what was seen by others as Switzerland's lack of enthusiasm for closer EC-EFTA ties, aggravated the Nordic-Alpine split. "Part of the problem was psychological," says one official. "The Swiss always looks before putting his foot down; he is very cautious. Those from the North wanted to move ahead and then see what happened."

Intense talks pulled EFTA's members closer together by late summer. It should be a newer, tougher EFTA that shows its form at the December ministers' meeting.

Ellen Wallace

Switzerland is in many respects the most independent-minded European country, yet it is more closely tied to the supra-national European Community than any other non-member. Jakob Kellenberger, who is responsible for coordinating Swiss foreign affairs and industrial policy, notes that Swiss companies employ more than 200,000 people in the EC and that Switzerland has the strongest EC marketing and research presence of any EFTA country.

In a country where consensus plays a critical political role, there is little agreement about how best to deal with the challenges posed by 1992. The official answer came when the Swiss government made it clear a little over a year ago that the country was not interested in Community member-

Switzerland / Walking a Tightrope

Swiss Balancing Act Seeks Best of Both Worlds

ship for the foreseeable future, but that it would work through EFTA to build new links with the EC.

Swiss businesses and institutions are taking another tack. The country's multinationals, such as Nestlé and Asea Brown Boveri, as well as its largest banks, have been busily ensuring that their EC footholds are strong, mainly through takeovers. The pharmaceutical industry, for example, has been on a shopping spree. Other internationally oriented businesses, such as reinsurance companies and airlines, have been actively seeking

accords with partners in other countries.

The normally staid, calm world of Swiss banking has been under pressure from several directions in recent months, thanks in large part to 1992. Financial regulators have been pushing for reform to make Switzerland more competitive in the face of a new European financial scene.

Part of the pressure stems from the expansion of banking elsewhere, particularly in Europe: between 1975 and 1988, Swiss banks lost market share despite growing assets, with their portion of total foreign assets of banks

worldwide dropping from 6 percent to 3 percent.

The banks are also coming under pressure from the federal authorities. Swiss bankers balk at the term deregulation. Indeed, there is precious little to deregulate: Swiss banking has long been governed by a series of gentlemen's agreements. In 1976, when for the first time the government gave the Swiss Cartel Commission some real teeth, it was quick to focus on these agreements. Earlier this year it recommended that 19 of them be dismantled. The banks agreed to several and are fighting others. The battle must now be decided by the president of the Swiss Confederation by the end of the year.

The Swiss government is also under pressure from EC governments to end the country's role as a tax shelter. As much as \$600 billion may have escaped EC tax authorities and made its way into Swiss coffers. This summer the law was thus expanded to cover non-bank financial institutions, now regulated by the Federal Bank Commission.

In some respects, bankers see themselves in a tug of war to resist change imposed upon them, while conceding that change is necessary. R.A. Jeker, head of Credit Suisse, one of the three largest banks, says, "It is inevitable that the tendency in coming years will be towards increased concentration, in the form of mergers, acquisitions, takeovers and other

types of cooperation. Against this backdrop the Swiss domestic market is assuming increased importance. Operating conditions in the financial services industry will be decisive in determining whether and in what ways our banks can hold their own in the international arena." Generally, the mood among bankers is that they are well-equipped to deal with a changing world.

The tourist industry is less optimistic. Gottfried Kuenzi is director of the Swiss Tourism Federation, a body that represents the industry in its dealings with the federal government. He bluntly states that there are no economic, only political reasons for Switzerland not joining the EC. "Full membership would bring more advantages than disadvantages," he argues.

While industrial and service companies can shift part of their operations to the EC to gain a footing there, he points out, tourism is tied to a specific location.

He worries that after 1992, the industry will have to spend much more on advertising, that three-star or medium-range hotels will not be able to compete in price.

Other industries are better placed to take matters into their own hands. The airlines, for example, are seeing to it that they have access to more European destinations. Little Crossair, a commuter line, flies into several EC cities; largely because of that, Swissair bought into the company some

months ago. Swissair's most dramatic move, however, is the September signing of an agreement with SAS, the Scandinavian airline. Details will be worked out in 1990, but it is expected to involve cross share ownership of 5-10 percent.

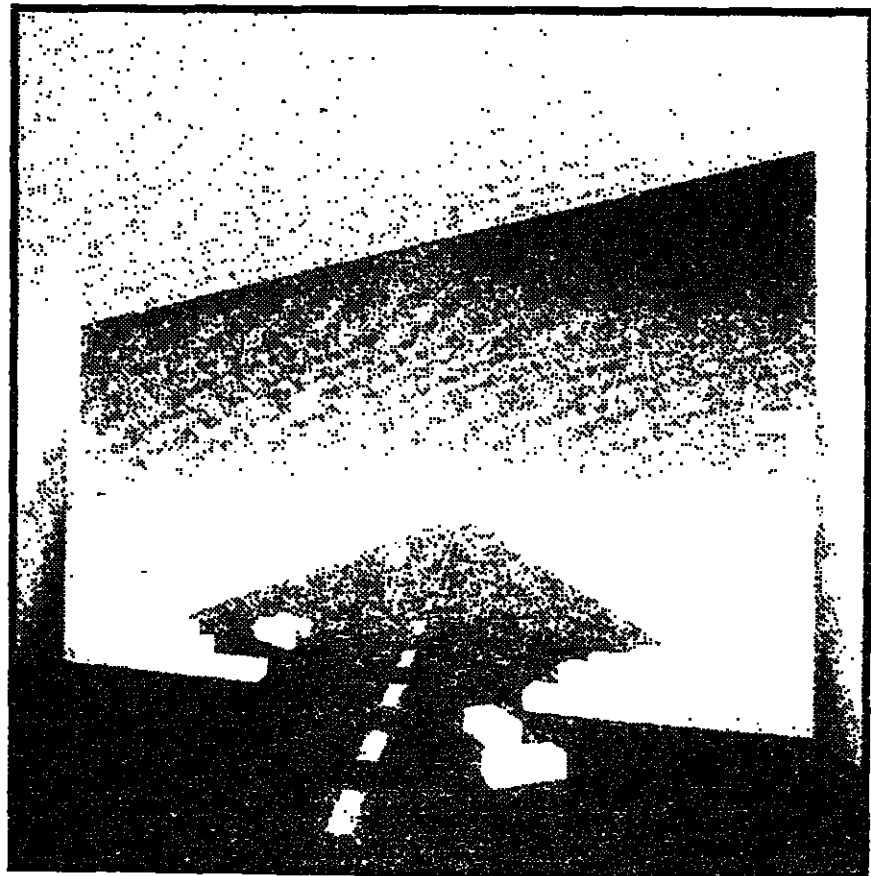
The more closely one looks at the strong Swiss/EC ties, the more the question repeats itself, why not join the Community?

Neutrality is a big stumbling block and would continue to be so. The country's foreign relations are based on a clear perception by others that it is indeed independent. It plays an important role in performing good offices, that is, acting as a representative for countries that have no diplomatic relations with third countries. Economic relations often result from this policy of neutrality as well.

There are perhaps more profound reasons having to do with the Swiss political system. The federal government is relatively weak and the cantons powerful. Popular referendums often dictate national policy, and where they do there is no room for compromise. EFTA thus provides the Swiss with a safer forum for dealing with its EC neighbors. The Swiss government, for example, is not free to negotiate on questions such as whether or not 40-ton trucks will be allowed on Swiss roads and the free movement of labor. Switzerland, which already has a very high foreign worker population, has a restrictive immigration and work permit policy.

The system is slow but sure. The real trick for Switzerland will be to maintain it in a faster-moving world.

Ellen Wallace



Integration
without barriers
is the Digital
vision.

For over 25 years, Digital's networked information systems have been helping our European customers to break down both external and internal barriers.

Systems ranging from single user workstations to fully integrated networks of multi-vendor computer systems — working together and driving business across countries, across continents — backed up by the widest range of supporting services in the industry.

Digital has also actively supported the breaking down of technological barriers by promoting the develop-

ment of open standards for computer hardware and software.

The breaking down of such barriers will free you to seize the opportunities offered by 1992 and beyond.

No matter which industry segment you operate in, you'll find that Digital's response is more flexible and more closely aligned to the needs of today and tomorrow.

Leaving you free to break down even more barriers of your own.

The rewards of working together.

With Digital's networked information systems your company will be free to sharpen its competitive edge. To meet the challenge of 1992 and beyond.

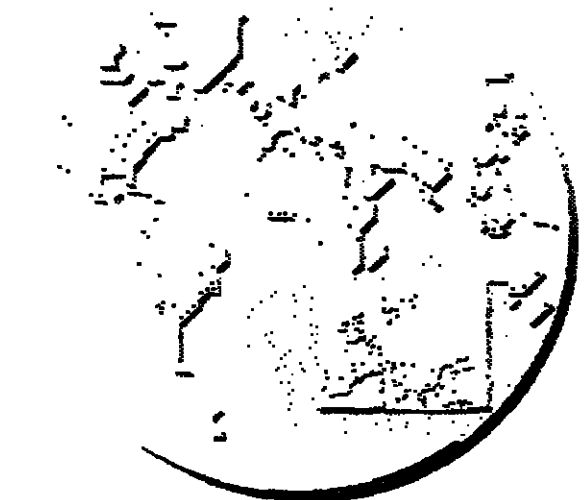
With more fully integrated computer networks in place than anywhere else, Digital provides an elegantly simple way for your people to work together more productively, more creatively, more competitively.

A way to work together like never before.

Just contact your local Digital sales office.

Digital
Equipment
Corporation
International
(Europe)

YOU WANT TO SPEAK
GERMAN,
SPEAK TO US FIRST!



149 CULTURAL INSTITUTES IN 67 COUNTRIES.
16 INSTITUTES IN THE FEDERAL REPUBLIC
OF GERMANY AND BERLIN (WEST).
100,000 STUDENTS PER YEAR.

PLEASE SEND ME FREE DETAILS OF YOUR
LANGUAGE COURSES IN GERMANY.

OR IN _____ (COUNTRY)

NAME _____

ADDRESS _____

GOETHE-
INSTITUT
LEIBNIZPLATZ 3
8000 MÜNCHEN 1, 2
TEL.: 089-59 99-200

1089

Markets / The Countdown Continues

Executive Views

"We believe we are particularly well-placed in Worms, West Germany. About 70 percent of the components we use in our color television sets are bought within Europe. And we are pleased because the quality of component technology is high, particularly in Britain, France and West Germany. Being in Europe has enabled us to reduce exports and, therefore, avoid the unpleasant dangers of anti-dumping actions from the EC. Their inspectors keep regular close watch on our local content — by visiting the plant. The next step? We are considering establishing an R&D facility in Europe, and among the projects we are considering is involvement in high-definition television. It is difficult to do all this from Seoul."

D.K. Shin
Director, Goldstar Europe.

"Creating a unified European standard for HDTV is the issue in consumer electronics. By the beginning of 1991, we'll have that standard, thanks to this Eureka project, in which we and 30 other organizations are involved, including Philips, Thomson and Bosch. High-definition television will open up new worlds for those who have the proper receivers. There will be a host of added features, including enhanced clarity through digital transmission and a greater number of lines and real hi-fi sound quality. The Eureka sub-project's end product will be a receiver working on the HD-MAC system, which is based on the MAC family of transmission standards chosen for Europe's direct broadcasting by satellite, known as DBS."

Jacques Noels
Executive vice president,
Nokia consumer electronics.

Anne-Marie Asheden reports on EC issues for the Stockholm Dagbladet Nyheter.

Pamela Clarke is a Budapest-based American journalist. Steve Dryden, a Washington-based journalist, specializes in trade issues.

Rashid Gurdik reports for the DPA and the Times of London from Ankara.

Axel Krause, IHT corporate editor, is supervising the 1992 series.

Lucy Walker is a Brussels-based free-lance journalist. Ellen Wallace is a financial and business writer based in Switzerland.

The next issue in the 1992 series, to be published on December 13, will focus on the Communications Industry.

MANCHESTER The City of Opportunity

Manchester's Goal: Build Tomorrow's City Today

Situated to the northwest of London, England's northern capital has an economic base, infrastructure, work force and history that are the envy of many cities throughout the world.

During the 19th century, Manchester became the world's first industrial city. Cotton fueled this explosive growth, ensuring that the city's wealth and influence as a major trading center spread throughout the world. More recently, a shift from the manufacturing to the service sector has transformed this historic city.

Manchester's traditional manufacturing base has contracted, but its international reputation and established financial sector has continued to attract investors from

Central Manchester Development Corporation was established by the British government on June 30, 1988.

The Corporation is responsible for 187 hectares (462 acres) of land immediately to the south and east of the city center. The area is adjacent to the commercial and retail core and contains numerous fine historic buildings, canals and areas of underused land, thus providing ideal opportunities for refurbishment, improvement and development. The Corporation intends to build upon current growth and maintain momentum by extending the city center both geographically and functionally.

The Corporation has been established to assist private sector development by providing discretionary city grants for new building and refurbishment schemes, particularly those on difficult or unprofitable sites. Residential, commercial, industrial, leisure and tourism projects are eligible for such grants.

According to Dr. James Grigor, chairman of the Central Manchester Development Corporation: "Investors and developers alike have recognized the potential of Central Manchester. It is the Development Corporation's aim to work in close partnership with the private sector, central government and the City Council to encourage this expanding interest. We will stimulate new development that will complement and develop the role of the city center and enhance Manchester's reputation as an international city."

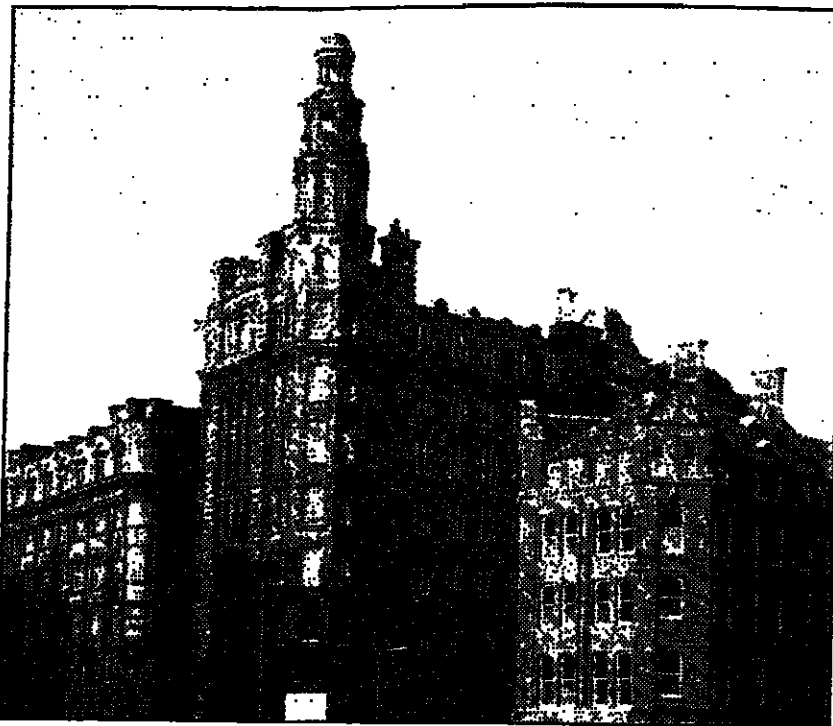
Further means of assistance include the rapid processing of planning applications and the use of land acquisition powers to unlock potential sites. As part of its ongoing commitment to upgrade the environment, especially along the waterways, the Corporation will also undertake a number of environmental improvement schemes.



Dr. James Grigor, chairman of Central Manchester Development Corporation.

home and abroad. Over the past decade this has created a new, vibrant and rapidly expanding city center. Renowned for business and finance, it currently houses over 60 international banks and many overseas companies. Its status as a major international city is being further enhanced by Manchester's bid to host the 1996 Olympic Games.

The shift from a major manufacturing center to an international business center has left many of the old warehouses, mills and factories in Central Manchester underutilized. To ensure the redevelopment and regeneration of this area, the



Magnificent Victorian buildings to be refurbished for residential use.

Investment Potential of Inner City Development

The Central Manchester Development Corporation is seeking to attract £750 million (\$1.2 million) of private sector investment into the city center over the next five to ten years.

According to John Glester, the corporation's chief executive: "An inner-city development opportunity such as this is very rare and one that really should not be missed. Investment, development and relocation all figure in the Central Manchester Development Corporation's strategy to introduce new city center housing, offices, shops and tourism and leisure facilities. Over 2,000 new homes will be created."

"It is ironic that the Victorian cotton warehouses that pushed housing out of the center of Manchester all those years ago should now be refurbished to create new homes," comments Mr. Glester.

Similarly, as Manchester's financial and business core expands, the refurbishment of existing buildings,

in addition to the construction of new ones, will provide ample accommodation for business and high-tech industry.

Manchester already has a variety of tourist activities, including the Granada Television Studios Tour and Britain's first Heritage Park, but there is great scope for further expansion. New leisure activities such as theme parks and indoor sports facilities also figure large in the Corporation's strategy.

The anticipated expansion of city center tourism is expected to increase demand for specialist retail space as well. To meet this demand, prospects like Castle Quay, in Castletford, will house specialist retailers, fashion designers and national and international fashion houses.

Capitalizing on the Assets Of an Accessible City

As Britain's leading financial center outside London, Manchester plays a vital role in the northwestern regional economy.

Manchester contains more banks (both British and foreign), merchant banks, building societies and insurance companies than any other English city with the exception of London. The city's financial sector includes the Bank of England's largest regional office as well as its own stock exchange. Manchester maintains an extensive communications network to support this thriving financial and business community. Manchester International Airport — Europe's fastest-growing — handles over 10 million passengers to 160 destinations in 35

different countries each year. A new domestic terminal has recently been completed, and a second international terminal is due to open in 1993 to cope with further rapid growth.

Similarly, Manchester's fully developed commuter rail network is due to be supplemented with a fully integrated light rail network in 1991. While this will run through the streets of Manchester, extensive rail services to the north and south of the country place London within two-and-a-half hour's reach.

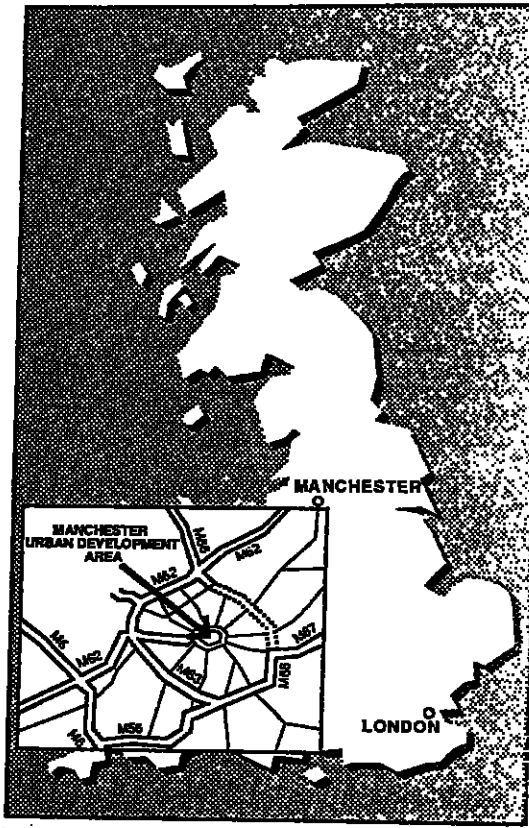
Manchester also lies at the center of Britain's best motorway network, placing over 60 percent of the nation's population and manufacturing base within a two-hour drive.

In addition to its communications links, one of Manchester's greatest assets is its work force, which is renowned for its loyalty, skill and relatively low turnover.

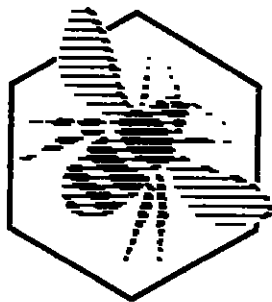
Manchester also offers a wide range of sporting venues, including over 100 golf courses. The quality of

life is reinforced by educational facilities, an abundance of entertainment, including Granada Television Studio Tours and the famous Halle Orchestra, glittering nightlife and superb shopping facilities.

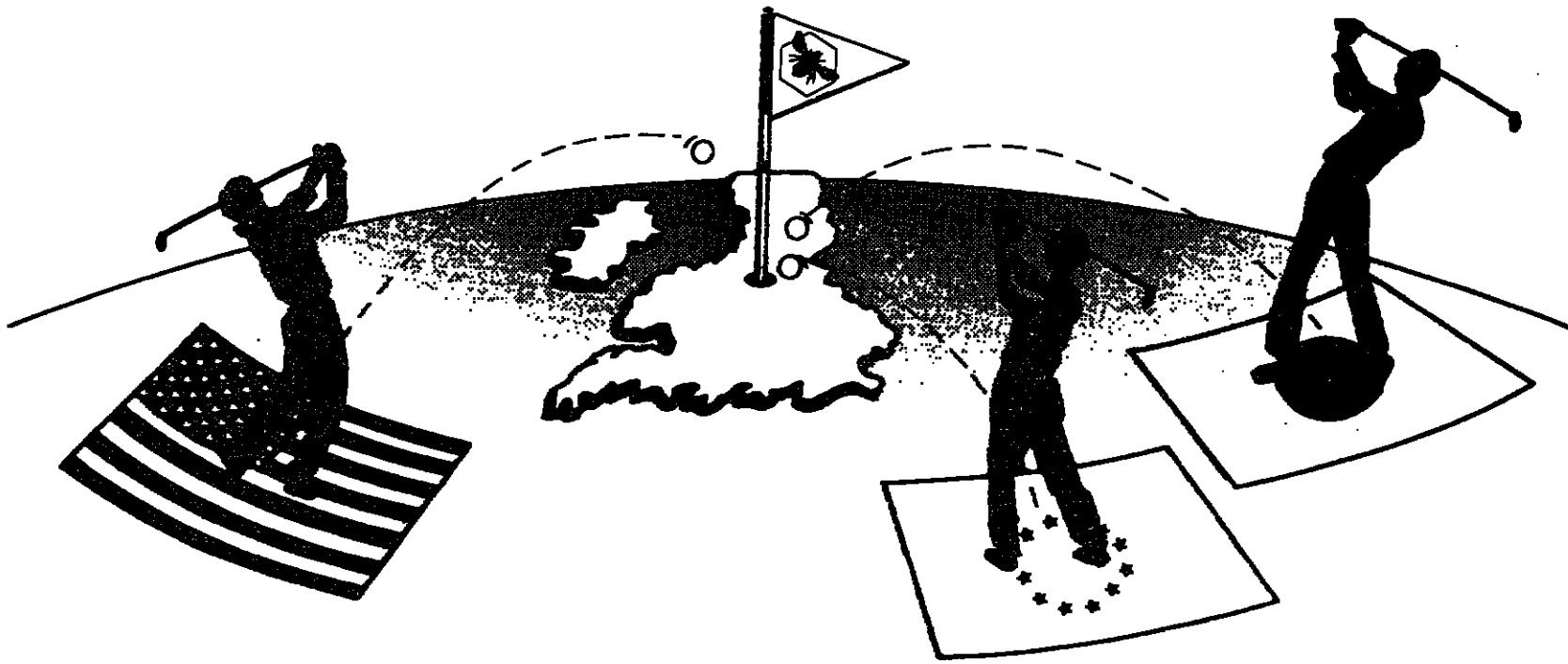
Indeed, as Tony Rodgers, CEO of local firm ICI Colours and Fine Chemicals, concludes: "Manchester offers excellent communications by road, rail and Manchester International Airport. It has a wide range of high-quality housing which helps us to attract quality staff. We also value our links with the excellent academic institutions."



This advertising section was written by Central Manchester Development Corporation.



CENTRAL
MANCHESTER
DEVELOPMENT
CORPORATION



Manchester – the truly International City

Situated at the hub of Britain's growing motorway network and served by direct flights to 160 destinations in 35 countries from the nearby Manchester International Airport, Central Manchester provides an unparalleled development and investment opportunity.

Manchester's supremacy as the world's first industrial city has created a vibrant city centre renowned for its excellence in business, industry, finance and technology. With over sixty international banks and financial institutions, and an impressive array of major international companies, Manchester is already establishing itself as an important international city.

The Central Manchester Development Corporation's 187 ha of land adjacent to the existing city centre offers exceptional opportunities for new housing, commercial, leisure and retail developments, including many fine

Victorian buildings ideally suited for refurbishment and 13km of canals and rivers.

Working with the Corporation, developers and investors can be part of Manchester's future as a truly international City.

For more information about investment and development opportunities in Central Manchester, please fill in this coupon and send it to:

Pamela Bishop, Marketing Manager,
Central Manchester Development Corporation,
Churchgate House, 56 Oxford Street,
Manchester M1 6EU,
ENGLAND
Tel: 061-236 1166 Fax: 061-236 7615

Name _____
Position _____
Company Name _____
Address _____
Postcode _____ Tel. No. _____

IHT 11/89

New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Mat.	Coups. %	Price and week	Terms
FLOATING RATE NOTE					
Bank Negara Indonesia	\$ 50	1994	5/16	100	Over 6-month Libor, Noncallable, (Mitsubishi Securities Europe)
FIXED-COUPONS					
Chugoku Electric Power	\$150	1996	8%	101 1/2	Noncallable, Fee 100% (Mitsubishi Securities Europe)
KG Int'l Trade & Finance	\$ 50	1994	8%	101 1/2	Noncallable, Fee 100%, (Mitsubishi Securities Europe)
Nederlandsche Gasunie	ECU 75	1994	9%	101 1/2	Noncallable, Fee 100% (Mitsubishi Securities Europe)
Thomson Brandt Int'l	ECU 75	1991	10	101 1/2	Noncallable, Fee 100% (Credito Lyonnais)
Electricité de France	CS 100	1999	9%	99 1/2	Noncallable, Fee 25% (Goldman Sachs Int'l)
General Insurance Office of New South Wales	Aus \$ 50	1991	17%	101 1/2	Noncallable, Fee 100% (Mitsubishi Securities Europe)
South Australia Government Financing Authority	Aus \$ 125	1994	zero	50.98	Yield 14.44%, Noncallable, Fee 100% (Mitsubishi Securities Europe)
Barclays Bank	NZ\$ 50	1992	13%	102	Noncallable, Fee 100% (Foy, Richmond Ltd)
Halifax Building Society	£ 20,000	1994	6	101 1/2	Noncallable, Fee 100% (BSI Int'l)
Helaba Finance	¥ 10,000	1992	5%	101 1/2	Noncallable, Fee 100% (Bank of Tokyo Capital Markets)
Monte dei Paschi di Siena (Singapore)	¥ 10,000	1993	6	101 1/2	Noncallable, Fee 100% (Deutsche Bank)
Okobank	¥ 10,000	1992	6	101 1/2	Noncallable, Fee 100% (Deutsche Bank)
Svenska Handelsbanken	¥ 20,000	1994	6	101 1/2	Noncallable, Fee 100% (Mitsubishi Securities Europe)
EQUITY-LINKED					
Chertso Pulp Industry	\$100	1993	open	100	Coupon indicated at 20%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium, Fee 25%, Terms to be set Nov. 7, (Yamashita Int'l Europe)
Diesel Kiki	\$200	1994	open	100	Coupon indicated at 40%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium, Fee 25%, Terms to be set Nov. 6, (Yamashita Int'l Europe)
Heiwado Company	\$100	1993	open	100	Coupon indicated at 30%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium, Fee 25%, Terms to be set Nov. 7, (Yamashita Int'l Europe)
Japan Storage Battery	\$100	1993	3%	100	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at 1,250 yen per share and at 143.95 yen per dollar, Fee 25%, (Yamashita Int'l Europe)
Kaio Teito Electric Railway	\$300	1993	open	100	Coupon indicated at 30%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at 1,487 yen per share and at 143.35 yen per dollar, Fee 25%, (Yamashita Int'l Europe)
Nippon Meat Packers	\$200	1993	3%	100	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at 1,487 yen per share and at 143.35 yen per dollar, Fee 25%, (Yamashita Int'l Europe)
Sanku	\$100	1993	3%	100	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at 1,487 yen per share and at 143.35 yen per dollar, Fee 25%, (Yamashita Int'l Europe)
Toshiba	\$1,200	1993	3%	100	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at 1,487 yen per share and at 143.35 yen per dollar, Fee 25%, (Yamashita Int'l Europe)
Nippon Signal	DM 80	1994	1 1/2	100	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at 1,187 yen per share and at 77.29 yen per mark, Fee 25%, (Yamashita Int'l Europe)

Banks Stay in Takeover Game

Loan Officers Say Fears of Credit Crunch Are Unfounded

By Carl Gewirtz

International Herald Tribune

PARIS — Fears that the takeover mania sweeping America and Europe was about to be snuffed out by a sudden unwillingness of banks to provide the needed financing are unfounded, senior loan officers at U.S. and European banks say.

Such worries were kindled when banks were unable to arrange the financing for the UAL Corp. buyout, triggering the Oct. 13 decline in U.S. stock prices that had been buoyed by the premium paid to arrange a takeover.

The unanimous view of bankers is that the UAL transaction failed because it was badly constructed — an insufficient equity investment by management, terms that were aggressively thin, and a repayment schedule based on projections that seemed wildly optimistic.

Bankers are equally unanimous in insisting that money remains available. "The players are all still there," said a Morgan Guaranty official.

The UAL experience will have

one lasting impact on the market, bankers agree, in making banks more selective about the deals they agree to finance. Potential lenders will now look more critically at the fundamentals — the remuneration

INTERNATIONAL CREDIT

offered to the banks as well as the capacity of the borrower to service the new debt burden.

"The buzzword now is selectivity," a British banker said, "but money remains available."

"Sensible deals will continue to get done," another banker said, adding that new mood of discrimination "will be good for the market."

In the international credit market, the only major new transaction launched last week was for Houston Industries Inc. Its \$150 million revolving credit replaces a three-year loan that is about to mature.

The company is seeking a renewal for only 364 days in the expectation that its restructuring program should be completed by next year, enabling it to arrange long-term

financing at better terms than could be achieved today.

Interest is set at 37 1/2 basis points over the London interbank offered rate. It will pay a commitment fee of 15 basis points on any undrawn amount and a utilization fee of 6 1/2 basis points if more than half the loan is drawn. Banks underwriting \$25 million will collect an underwriting fee of five basis points.

The tenor of 364 days is significant. It means that the banks' commitment to lend carries a zero weighting against their capital. Any amount that is actually lent, of course, gets fully counted.

To take advantage of the distinction regulators have made between loan commitments of less than one year and fully weighted commitments of longer than one year, a number of so-called "evergreen" loans have been arranged — transactions that are nominally just under one year but automatically are extended at the end of that period.

Bank regulators frown on this practice. Lenders beware.

Entrepreneurs Are Forced To Fund Chinese Deficit

Reuters

BEIJING — Private entrepreneurs are being forced to buy government bonds to fund China's huge budget deficit.

Numerous small merchants have found themselves powerless to object to the government practice, especially since their position in the economy has come under scrutiny following the crackdown on the prodemocracy movement earlier this year.

"There's no escape," said the owner of a small shop. "Everybody has to pay." He added, "I'll have to cough up next week — maybe 1,000 yuan," or about \$270. This was particularly difficult to bear, he said, given the slump in tourism in recent months.

Another shopkeeper said: "I didn't have any choice. They just said 'pay up.' Two hundred yuan. I'm lucky to make that in one month now."

The bonds mature after three years. A Western diplomat said they bear an interest rate that is calculated quarterly and that is close to the official annual inflation rate, which is about 13 percent.

The government began issuing domestic bonds in the early 1980s. This year, Beijing will raise an estimated 22.5 billion yuan, more than double the original plan, a Western diplomat said. The state budget deficit is expected to exceed 35 billion yuan this year.

Unlike previous issues, the latest batch of bonds are not tradeable on secondary markets because, Western economists said, Beijing wants to reduce the amount of money outside the banking system.

"It's sensible in macroeconomic terms, a good way of funding the budget deficit and in the short term soaking up excess liquidity," said one economist. "But it's compulsory." He added that it was "an open question" whether the government would pay back the money.

Japan Finds Good Deeds Require Some Effort

By James Sterngold

New York Times Service

TOKYO — Yoshio Kimura has a \$23.5 billion headache.

As director of the development policy department at the Export-Import Bank of Japan, he has to help the government lend that amount of money to the Third World as part of Japan's effort to "recycle" its cash surpluses to heavily indebted countries.

Mr. Kimura's problem is that he has only five personal computers and a handful of personal computers to evaluate the dozens of complex loan proposals that cross his desk.

Kanetaka Kijima, deputy director of the department recycling Japanese capital to countries in Europe, the Middle East and Africa, also has a problem: As the bank studies proposals from Africa, he finds he does not have enough officials who speak French, the region's most common language.

These are examples of the hurdles that the Japanese government must overcome as it faces a new challenge — helping Japan by helping the world.

It has been nearly three years since the former prime minister, Yasuhiro Nakasone, set the nation on this course, in response to criticism from the United States and others over its one-sided trade policies and growing surpluses.

Since then, Japan has surpassed the United States as the world's largest aid donor and has set a goal of recycling a total of \$65 billion over the next three years to countries crowding in debt.

The lesson, however, is that it is one thing to declare such worthy intentions and something else to implement them effectively.

The effort is requiring a new range of skills, the retraining of bureaucrats, the cooperation of many departments used to squabbling and a more generous attitude among the Japanese people.

There is even a problem with getting the resources necessary to undertake the tough new job.

"These loans are more one-by-one, hand-crafted work, and that is more difficult," said Takashi Tanaka, president of the Export-Import Bank.

It seems fitting that the focus of the bumpy transformation is the Export-Import Bank, which in its

developing world with a combination of loans through the Export-Import Bank and direct aid, handled by other government agencies.

The timing was critical for the bank. Its traditional mission was winding down. With Japanese companies able to compete inter-

nationally on their own, they were paying off their old loans from the bank faster than they were taking out new ones.

Japan made its first commitment to recycle some of its trade surpluses in 1986, with a \$10 billion program.

A year later, an additional \$20 billion was committed. Of that amount, the Export-Import Bank was expected to lend about \$10 billion in the span of two years.

When Japan announced it would recycle another \$35 billion this past summer, the Export-Import Bank's overall total rose to \$23.5 billion. It has until the spring of 1992 to lend the money.

An important reason for the program is that the private sector has

demonstrated far different priorities in recycling its share of the Japanese surpluses.

Most of this investment goes into American securities, not developing countries, according to government figures.

But the new credits pose a challenge. Traditionally, the bank directly advanced the imports or exports of Japanese companies with relatively low cost loans, or promoted Japanese investments overseas with loans or loan guarantees.

In other words, the financings were tied to helping Japanese companies.

There had been a modest amount of what was called "untied" lending during the 1970s to support energy development projects in such countries as Indonesia.

But even in those cases, the energy products were shipped to Japan.

Because of that background, Japan's new push on recycling has been met with skepticism in many countries.

That has not dissuaded the Export-Import Bank from moving ahead. In mid-1986, it lent \$80 million to a project in Colombia in a co-financing with the World Bank.

The next year it lent \$900 million for several projects in Indonesia. As part of the package, private banks lent \$300 million — after being given loan guarantees from the Export-Import Bank — and the World Bank lent \$2.9 billion. More deals have followed.

In addition, it has helped the

Export-Import Bank fend off criticism that it was choosing loan recipients out of self-interest.

As a result, untied lending has soared. From nothing in 1984, it jumped to 467 billion yen (\$3.26 billion) in 1987 and 865 billion yen in 1988, or 59 percent of the year's total credit commitments.

At the same time, the amount of traditional lending has been declining significantly.

The shift has brought with it some significant problems. First, as a bank, it has to worry about being repaid.

Loans to governments already heavily in debt entail far more risk than the Export-Import Bank's traditional credits.

"We have to adhere to sound banking principals, and we intend to keep to those principals," said Mr. Tanaka. "But the portion of risky assets is increasing."

There had been a modest amount of what was called "untied" lending during the 1970s to support energy development projects in such countries as Indonesia.

But even in those cases, the energy products were shipped to Japan.

Because of that background, Japan's new push on recycling has been met with skepticism in many countries.

That has not dissuaded the Export-Import Bank from moving ahead. In mid-1986, it lent \$80 million to a project in Colombia in a co-financing with the World Bank.

The next year it lent \$900 million for several projects in Indonesia. As part of the package, private banks lent \$300 million — after being given loan guarantees from the Export-Import Bank — and the World Bank lent \$2.9 billion. More deals have followed.

In addition, it has helped the

Bond Market Focuses on U.S. Rates

Compiled by Our Staff From Dispatches

NEW YORK — Analysts who

had expected the United States to report sluggish job growth in October said the stronger-than-expected jobs data released Friday may have significant ramifications for the Federal Reserve's monetary policy and the level of interest rates.

Friday's report, combined with a separate government report Thursday showing significant wage gains in the third quarter for American workers, could preclude any further lowering of interest rates, they said.

"An unhappy combination of wage acceleration and uneven job gains promises to stall further monetary accommodation," said analysts for Salomon Brothers Inc. in "Comments on Credit."

Friday's drop in the prices of U.S. Treasury notes and bonds and

the rise in Treasury bill rates was also partly due to a congressional stalemate over legislation to raise the national debt ceiling.

Unless the debt-ceiling issue is resolved imminently, "there may not be any auctions of T-bills,"

much less the mid-quarter refunding sales scheduled for next week," said Leif H. Olsen, who heads an economic consulting and money-management firm.

Expecting that Congress would raise the debt ceiling from its current level of \$2.87 trillion, the Treasury has planned to auction \$16 billion of bills at its weekly sale Monday, up from \$15.6 billion last week.

The scheduled refunding auctions

include one for \$10.25 billion of three-year notes on Tuesday; one for \$10 billion of 10-year notes on Wednesday; and one for \$10 billion of 30-year bonds on Thursday.

The benchmark long bond, the 8 1/4 of 2019, closed Friday at 102 3/32 to yield 7.94, unchanged from last week.

Ten-year Treasury notes closed at 100 6/32 to yield 7.97, up from last week's yield of 7.94. Five-year Treasury notes closed at 101 8/32 to yield 7.93, up from 7.87 last week.

Two-year Treasury notes closed at 99 and 10/32 to yield 8.01, from 7.87 last week. Six-month Treasury bills ended the week at a discount rate of 7.70 to yield 8.12, from 8.04. Three-month T-bills closed at a discount rate of 7.84 to yield 8.10, from 8.04 last week. (NYT, UP)

U.S. CREDIT MARKETS

FAMILY: 'Cousins' Follow the Rockefeller Tradition

(Continued from first finance page)

tance has not been quantified and extends through a network of more than 100 financial trusts, their combined annual personal contributions to philanthropic causes are said to total in the tens of millions.

They contribute to the schools where they have studied, the communities in which they live and a range of highly individualized interests in the arts, sciences, health, in civil rights causes and now in environmental movements.

The cousins have grown up in the formidable shadow of their fathers and uncles. The six children of John D. Rockefeller Jr., the third generation of Rockefellers, formed the Rockefeller Brothers Fund in 1949.

This so-called "Brothers Generation" includes John D. Rockefeller 3d, who is known worldwide for his support of population control and as a patron of Asian culture; Laurance, a venture capitalist and conservationist; David, the former chairman of Chase Manhattan, and civic leader; Winthrop, a former governor of Arkansas; and Nelson, the U.S. vice president and New York governor.

Only Laurance, 79, and David, 75, survive. The others, including Abby, the only Rockefeller sister, died during the 1970s.

And since the mid-80s, the cousins have begun to exert greater influence over the affairs of the Rockefeller Brothers Fund. In 1985, Laurance resigned his seat on the board, giving the cousins eight of the nine family seats on the fund's 17-member board.

Two years ago, David Rockefeller Jr., a board member and a leader among the cousins, succeeded his father as chairman of the fund's board.

At the urgings of his father, and to insure a smooth transition, David invited the other cousins as well as outside experts to help shape an agenda for the fund.

Their suggestions helped form the foundation of "A strategy for the 80s," an agenda adopted by the fund in 1983. The agenda is built on a "one world" theme, pushing the fund further into environmental programs.

The fund was an early contributor to research on greenhouse gases and global warming, and today it invests fully 40 percent of its money in programs to protect the world's water, forests, land and air resources.

The recent sale of Rockefeller Center to Mitsubishi is in keeping with that spirit of "one world," David Jr. said last week that it was "a reminder of how small the global village has become and the importance of close partnerships among the world's peoples and nations."

According to the new relationship between the Rockefeller and Mitsubishi interests, he added: "The closer we operate in business, culture or the environment, the more secure and healthier we will be."

Most of the cousins came of age during the turbulent 60s, a time of campus demonstrations against the Vietnam war and clamor for social change. Some of them marched, joined antiwar groups and supported nuclear disarmament efforts.

It was a period of alienation and confusion, and a number of them, troubled by the times and their own family identity, sought psychiatric help.

Steven, 53, recalls the period as painful. Now a professor of religion at Middlebury College in Vermont, he has embraced Zen Buddhism, which he said "opened him up" but has not closed him off to Christianity.

A few have high profiles. The most visible cousin is John D. Rockefeller 4th, the 52-year-old senator and former governor of West Virginia.

Most have given to their favorite causes privately. Many of the cousins are active in environmental issues. Abby M. O'Neill, the oldest of the cousins, is vice-chairman of the board of the Colonial Williamsburg Foundation.

Abby Rockefeller, the daughter of David Rockefeller Sr., shocked some family members when she set up business in Cambridge to market a Swedish composting toilet.

Winthrop Peabody Rockefeller Jr., 41, who is said to have inherited at least \$50 million as his father's

sole heir, is believed to be the richest cousin.

An outdoorsman, he has wide-ranging interests including serving on the boards of the Nature Conservancy, Ducks Unlimited, which seeks to protect migrating waterfowl, and the Bill Foundation, which is concerned with preserving migrating species like marlin and sailfish.

The health of the environment is also a major concern of Larry Rockefeller, an attorney, and his wife, Wendy Gordon Rockefeller, an expert in toxicology. Both are on the staff of the Natural Resources Defense Council, an environmental group that campaigned successfully to remove the ripening agent, Alar, from the market.

Wendy is also a co-chairperson with Meryl Streep of Mothers and Others for Pesticide Limits, a public education campaign that called attention to the dangers of Alar, which is sprayed on apples.

Alida Rockefeller supports a radio station owned and operated by the Oglala Indians on the Pine Ridge reservation in South Dakota. In the cousins group, where women outnumber men, Laura R. Chasin has taken the lead in carving out an interest in "reproductive responsibility," the name she gives a bundle of concerns including contraceptive research and pro-choice and civil rights issues.

Although their interests remain wide-ranging, the cousins are developing new cohesion in their private philanthropic efforts.

Two years ago, they formed a Family Philanthropy Committee. Headed by Steven Rockefeller, the group meets every two months to identify areas of mutual interest and collaboration.

In addition, the cousins appointed Ira S. Hirschfeld to head another committee to coordinate more closely the philanthropic endeavors of the individual family members, the Rockefeller Brothers Fund and the Rockefeller Family Fund, a smaller philanthropy, with \$34 million in assets, created in 1967 to serve as a training ground for the young family members.

Euromarts At a Glance

Eurobond Yields

	Oct. 31	Oct. 25
U.S. 5 1/2 yrs & over	8.75	8.75
U.S. 5 1/2 to 7 yrs	8.75	8.75
U.S. 5 1/2 to 10 yrs	8.75	8.75
French 5 yrs, less than 5 yrs	12.48	12.44
French 5 yrs, less than 5 yrs	12.48	12.44
U.S. 5 1/2 to 7 yrs	11.95	11.94
U.S. 5 1/2 to 10 yrs	10.25	10.27
U.S. 5 1/2 to 10 yrs	8.17	8.21
U.S. 5 1/2 to 10 yrs	9.98	9.98
U.S. 5 1/2 to 10 yrs	10.72	10.76
U.S. 5 1/2 to 10 yrs	12.51	12.51
U.S. 5 1/2 to 10 yrs	12.51	12.51
U.S. 5 1/2 to 10 yrs	6.78	6.83
U.S. 5 1/2 to 10 yrs	6.74	6.86

Source: Luxembourg Stock Exchange.

Weekly Sales

	Nov. 2
Primary Market	
Strips	114,200
Convert.	1,000
Other	1,000
SEC	2,000
Total	116,200

Secondary Market

	Nov. 2
Strips	5,470,200
Convert.	10,740
Other	1,000
SEC	2,000
Total	5,483,940

Source: Euroclear, Cede.

Libor Rates

	Nov. 3
U.S. 1-month	8 1/4
U.S. 3-month	8 1/4
U.S. 6-month	8 1/4
U.S. 9-month	8 1/4
U.S. 12-month	8 1/4
U.S. 15-month	8 1/4
U.S. 18-month	8 1/4
U.S. 21-month	8 1/4
U.S. 24-month	8 1/4
U.S. 27-month	8 1/4
U.S. 30-month	8 1/4
U.S. 33-month	8 1/4
U.S. 36-month	8 1/4

Source: Morgan Guaranty, Citicorp Bank, Reuters.

Nov. 3

Nov. 3

[illegible]

(Continued on next page)

[illegible]

MONDAY SPORTS

Senna Crashes in Rain, Prost Takes Driving Title



Alain Prost was confirmed as 1989 driving champion, despite dropping out of the season's final race because of wet conditions.

Compiled by Our Staff From Dispatches

ADELAIDE, Australia — Thierry Boutsen of Belgium kept his cool in chaotic, rain-soaked conditions on Sunday to win the Australian Formula One Grand Prix auto race.

Alain Prost of France clinched the 1989 world drivers' championship while sitting in the pits after refusing to race in the treacherous conditions.

Boutsen, 32, driving a Williams-Renault, scored his second victory of the year in the final race of the season. He led after 70 of the 81 scheduled laps, when the race was halted after exceeding the two-hour limit. He also had won the Canadian Grand Prix.

Ayrton Senna of Brazil, Prost's McLaren-Honda teammate and arch-rival and the defending world champion, crashed into the rear of a Brabham-Judd driven by Martin Brundle of Britain. The accident occurred on the 14th lap, after Senna had driven sensationally to lead the field by about 25 seconds. Senna's left front wheel was completely ripped from the car.

The Brazilian had needed to win at Adelaide, and to win a court

appeal against his disqualification after winning the Oct. 22 Japanese Grand Prix, to prevent Prost's adding to the titles he won in 1985 and 1986.

Alessandro Nannini of Italy finished second in his Benetton-Ford, 28.658 seconds behind Boutsen; Riccardo Patrese of Italy was third in the second Williams-Renault. Only eight cars still were on the tricky 2.35-mile (3.78-kilometer) street circuit when the race was halted. (See Scoreboard)

The race was marked by a number of controversies, including Prost's decision to withdraw after one lap, citing the conditions.

He was, however, proved correct. The race was full of spectacular crashes and spins, although none of the drivers was seriously hurt.

"I cannot understand the sense in people going out there in conditions like that," Prost said. "I am very upset. You've only got one life."

Prost accused Senna of sabotaging an attempted drivers' boycott of the race by remaining in his car at the start. The first start was a confused affair with drivers walking around the starting grid shaking their heads as officials tried to get it going.

Prost complained: "All of the drivers were agreed not to race except one and that's Senna. It's a great pity."

Senna declined to speak to reporters.

Frenchman Philippe Alliot said: "I think the right man today was Alain Prost. In the long straight I could see nothing. I couldn't tell if I was on the right or on the left."

Four drivers crashed during the first two laps, prompting a re-start after a delay of 30 minutes, during which drivers debated with officials the wisdom of continuing.

Patrese said the drivers had asked officials to delay the start but were told their cars would be pushed away by marshals.

Heavy rain fell throughout the morning, forcing the addition of an extra practice session. The official start also was delayed by more than 30 minutes.

James Hunt, a former world champion and now a television commentator, described the conditions as "absolutely diabolical." (AP, Reuters)

Robinson Impressive in NBA Debut, Bird Back in Form, Jordan Hits 54

Los Angeles Times Service

They are claiming in San Antonio that David Robinson, the Spur of the moment and the franchise's future, is a rookie and, as such, mostly unaware of the demands of National Basketball Association play.

The Los Angeles Lakers' Magic Johnson does not believe it, not after what he saw Saturday night — on the first weekend of the 1989-90 NBA season.

"It's hard to say he's a rookie," Johnson said of Robinson, the San Antonio Spurs' center. "He's a man already, you know. Some guys just aren't ever rookies."

San Antonio's celebrated 7-foot-1 (2.16-meter) center, finally making his professional debut after a two-year U.S. Navy commitment, was more than just eager to start his career. He was thriving. Robinson, the first overall selection in the 1987 NBA player draft, had 23 points and 17 rebounds Saturday night to help the Spurs score a 106-98 victory over the Lakers before 15,868 at HemisFair Arena.

Robinson did not disappoint those who already have announced him as the NBA's next great center. He is menacing and confident, casting a looming presence in the middle, and has all the skills to match his demeanor.

The funny thing is, Robinson said he does not feel like a rookie, either.

"I feel like I've been around forever," Robinson said. "I definitely don't think of myself as a rookie. I've got a lot of confidence in what I can do. I don't get nervous or anything. It was good just to kind of get it over with."

Robinson, said the Lakers' coach, Pat Riley, "is simply a great player."



Larry Bird drives past Ricky Pierce of the Milwaukee Bucks on the way to 2 of his 32 points after coming back from heel surgery.

The Spurs also know that a season-opening victory over the Lakers does not assure subsequent success. Robinson was not around last season when the Spurs beat the Lakers in the opener, but he kept tabs.

"I know that," Robinson said, laughing. "It was kind of one of those feelings, like I don't know whether we should win this one because of last year. But no, of course, we want to win 'em all."

The night before, in Boston, Larry Bird returned to the Celtics. Almost everyone who knows Bird expected the Boston star to come back with an outstanding performance after missing nearly all of last season.

The sharpshooting forward did as expected. Showing no signs of the foot problems that forced him to undergo surgery, Bird came out firing, scoring 13 of his team's first 17 points and leading the Celtics to a 127-114 victory over the Milwaukee Bucks.

It was the 11th consecutive victory on opening night at home for the Celtics. Bird had 32 points, making 10 of 17 shots.

"I was ready for this one a long time ago. I wanted to play well after the long layoff," he said. "I was very fired up for this game. I feel good. A lot of times you come out and you're cold and you miss that first shot. It's nice when it goes in."

Bird played 33 minutes, getting eight rebounds, four assists and a steal. He also committed four turnovers.

Elsewhere on the first weekend of NBA play, the Chicago Bulls' Michael Jordan scored 54 points, 10 of them in overtime, to lead the Bulls over the Cleveland Cavaliers on Friday in Chicago.

Jordan, playing 47 minutes, had 14 rebounds, six assists and three steals. (AP)

Sunday Silence Wins Breeders' in Photo Finish

Late Surge by Easy Goer Falls Short In First Rematch Since Triple Crown

By Steven Crist

New York Times Service

HALLANDALE, Florida — Sunday Silence held off a final surge by Easy Goer to win the \$3 million Breeders' Cup Classic in a photo finish at Gulfstream Park.

The outcome virtually assured that Sunday Silence, who has beaten Easy Goer in three of four matchups this year, will be voted the U.S. Horse of the Year.

Sunday Silence ran the mile and a quarter on Saturday under Chris McCarron in 2 minutes, 1/5 second.

One race earlier, in the second-richest of the afternoon's seven Breeders' Cup races, Frijoles made his first career start on grass a winning one when he held off Sierra Roberta by a neck to win the \$2 million Turf.

Frijoles, who burst into prominence when he beat Sunday Silence in the Swaps Stakes this summer, was initially going to run in the Classic. But on Oct. 7, he finished a dismal fourth in the Jockey Club Gold Cup at Belmont Park, losing to Easy Goer by 3/4 lengths, and his owners, a team of small investors and handicappers, changed their plans.

Frijoles finished fastest in a weak race that fell apart in the stretch, fending off a late challenge from Sierra Roberta, a 3-year-old French filly making her U.S. debut. Star Lift was third, with Behara fourth.

Prized the mile and a half under Eddie Delahoussaye in 2:28. This was the sixth running of the Breeders' Cup, inaugurated to provide the U.S. sport definitive year-end championship races and a nationally prominent event besides the Triple Crown races in spring.

The featured attraction was the rematch between Easy Goer and Sunday Silence, their first meeting since they battled through the Triple Crown. Sunday Silence scored upset victories in the Kentucky Derby and the Preakness Stakes,

then Easy Goer beat him by eight lengths in the Belmont Stakes.

Easy Goer went on to win four Grade I races in New York after that. Sunday Silence won just one of two subsequent starts and was an underdog Saturday.

This was the first Breeders' Cup run in Florida. A 30-minute rainstorm in the morning left puddles on the track and mud on the horses after the day's first three races. There was some moisture in the track by the time the cup races began, but the puddles were gone.

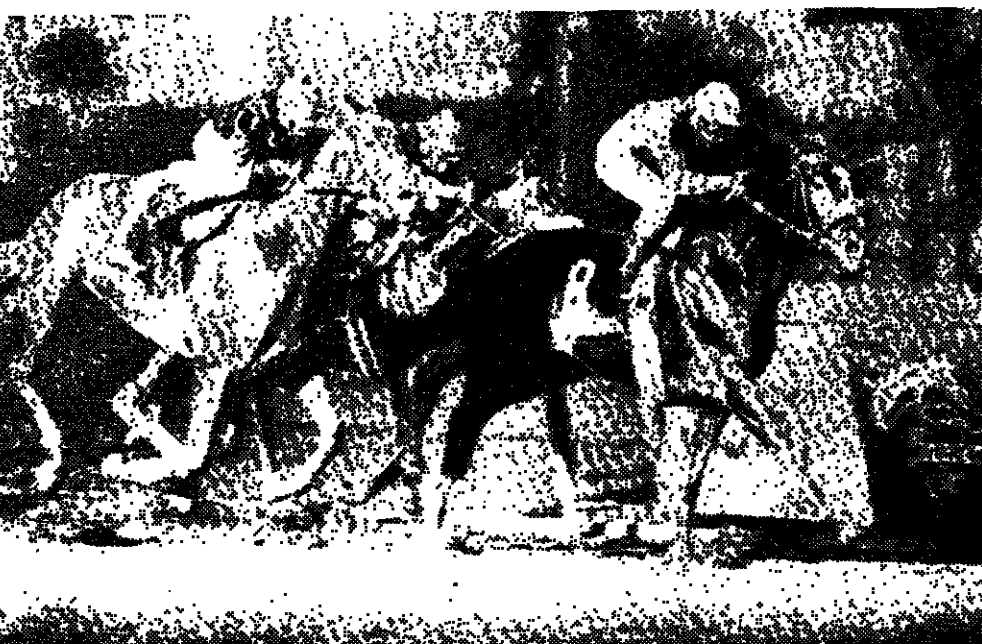
In the other Breeders' Cup races: Rhythm took command entering the stretch turn and held off Grand Canyon by two lengths to win the \$1 million Juvenile. Rhythm finished second to his stablemate, Adjudicating, in the Champagne Stakes at Belmont on Oct. 14, but Adjudicating got off poorly on Saturday and turned in a dull performance.

Steinlen, who looked hopelessly trapped turning for home, snaked to daylight in deep stretch to win the \$1 million Mile and nail down the American grass championship. Steinlen, who finished second in last year's Mile and won the Arlington Million on Sept. 2, was the second choice to the previously undefeated European colt Zizal.

Bayakoa, who was going to be named the champion U.S. older mare regardless of what happened Saturday, held off Gorgious in the stretch to win the \$1 million Distaff. Bayakoa had won seven of her last eight races.

Go for Wand, who fell half a length short of catching Stella Madrid in the Frizette Stakes at Belmont on Oct. 14, caught her in the final furlong and drew to a 24-length victory over Sweet Roberta in the \$1 million Juvenile Fillies.

Dancing Spree avoided an early jam, then ran down the filly Safely Kept in deep stretch to win the \$1 million Sprint by a neck.



The photo finish that gave Sunday Silence victory over Easy Goer, left, in the Breeders' Cup Classic.

In Japan, U.S. Golfers Stymie Europeans

The Associated Press

INAGI, Japan — Chip Beck, Mark Calcavecchia and Tom Kite each beat European opponents by six strokes on Sunday, boosting the U.S. PGA team to its third consecutive victory in the \$1.03 million Four Tours World Championship of Golf.

Each team won three matches, tying the team score at 6-6, but the Americans triumphed on the basis of better total strokes, 404 to 416.

Japan beat Australia-New Zealand, 9-3, for third place in the tournament on the hilly 7,071-yard (6,495-meter) Tokyo Yomiuri Country Club course.

The United States and Europe advanced to the final after three days of round-robin play among the teams representing the four major golf tours.

For the Americans, Calcavecchia defeated Mark James, 68-74; Beck beat Bernhard Langer, 62-68; and Kite topped Ian Woosnam, 65-71.

For Europe, Roman Rafferty beat Ken Green, 66-70; Gordon Brand Jr. beat Payne Stewart, 68-70; and José María Olazábal beat Curtis Strange, 68-69.

Each of the U.S. players earned \$65,000 and each of the six Europeans made \$40,000.

Greg Norman was the lone winner for Australia-New Zealand, beating Masashi "Jumbo" Ozaki, 65-68. Ian Baker-Finch and Japan's Kouichi Suzuki tied at 68-68, giving each team one point.

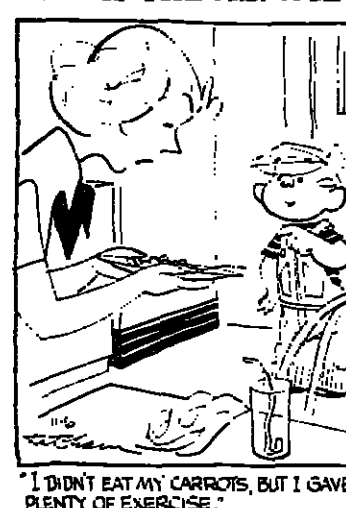
For Japan, Naomichi Ozaki beat Peter Senior, 67-71; Taisei Ozaki beat Brian Jones, 69-71; Katsunari Takahashi beat Craig Parry, 70-71; and Toru Nakamura beat Wayne Grady, 70-71. The three Ozakis are brothers.

The Japanese players received \$35,000 each and the Australia-New Zealand players \$30,000 each.

Crosby Wins LPGA

In Otsu, Japan, Elaine Crosby of the United States shot a 2-under 70 Sunday for a three-round total of 205 to win the \$300,000 Mazda Japan Classic, the last tournament of the U.S. LPGA Tour, Agence France-Presse reported. Canada's Dawn Coe was second at 208 Britain's Laura Davies was third with 209.

DENNIS THE MENACE



JUMBLE

Unscramble these four jumbles, then use the letters to form four ordinary words.

NYLOP
WETET
AHLEEX
SEDGIT

Answer his

Answers: NYLOP, WETET, AHLEEX, SEDGIT

Answers: NYLOP, WETET, AHLEEX, SEDGIT

Answers: NYLOP, WETET, AHLEEX, SEDGIT

Answers: NYLOP, WETET, AHLEEX, SEDGIT

Answers: NYLOP, WETET, AHLEEX, SEDGIT

Answers: NYLOP, WETET, AHLEEX, SEDGIT

Answers: NYLOP, WETET, AHLEEX, SEDGIT

Answers: NYLOP, WETET, AHLEEX, SEDGIT

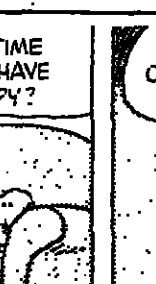
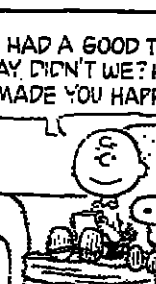
Answers: NYLOP, WETET, AHLEEX, SEDGIT

Answers: NYLOP, WETET, AHLEEX, SEDGIT

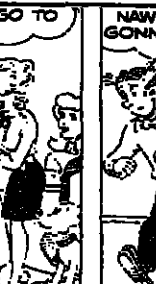
Answers: NYLOP, WETET, AHLEEX, SEDGIT

Answers: NYLOP, WETET, AHLEEX, SEDGIT

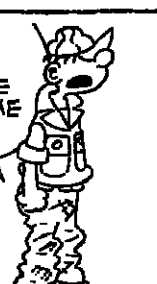
PEANUTS



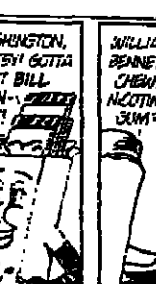
BLONDIE



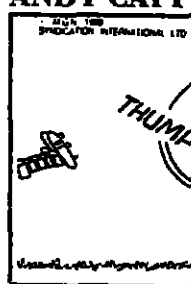
BEETLE BAILEY



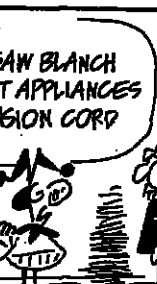
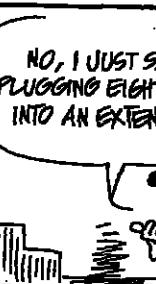
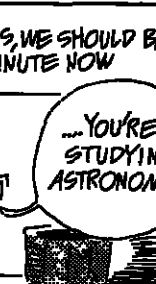
DOONESBURY



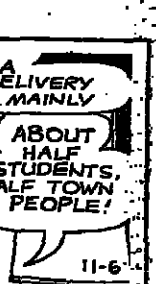
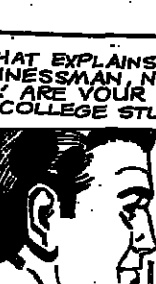
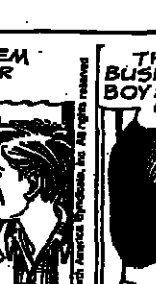
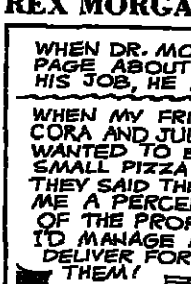
ANDY CAPP



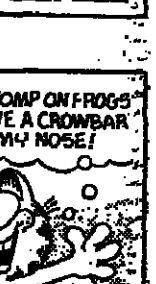
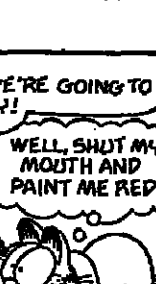
WIZARD of ID



REX MORGAN



GARFIELD



PERSONAL INVESTING
IN THE 1ST THE SECOND
MONDAY OF EACH MONTH,
EDITED FOR THE SOPHISTICATED
INVESTOR — AN ESSENTIAL
GUIDE TO OPPORTUNITIES
AND PITFALLS — WORLDWIDE

كلنا من الجاهل

Landscape as History and Surrealism

International Herald Tribune
LONDON — Sir Geoffrey Jellicoe is a landscape architect, which is rather like calling the equally ebullient and wide-ranging Buckminster Fuller an engineer. Labels do not easily encompass visions, and to Jellicoe's eye landscape design is the most comprehensive of the arts.

Apple-cheeked, adorable and adored (a recent article in the earnest *Architectural*

MARY BLUME

Review was called "Admirable Jellicoe"), he was born with the century and has watched urban planners take over the landscape.

"That's the problem all over the world — that landscape values are giving way to urban values." He doesn't expect this to last. "Ultimately, landscape will absorb architecture rather than architecture absorb landscape." To Jellicoe, the history of landscape is the history of man.

It's a large view, a Texas-sized view one might say, and in Texas right now Jellicoe's ideas are leaving the drawing board to become the Historical Garden of the Moody Fountain in Galveston: a time scale of 4,000 years, a space scale the size of the globe, reduced to 1.3 hectares (about 30 acres) of landscape which will be visited in a few hours' time in small boats with red-topped seats.

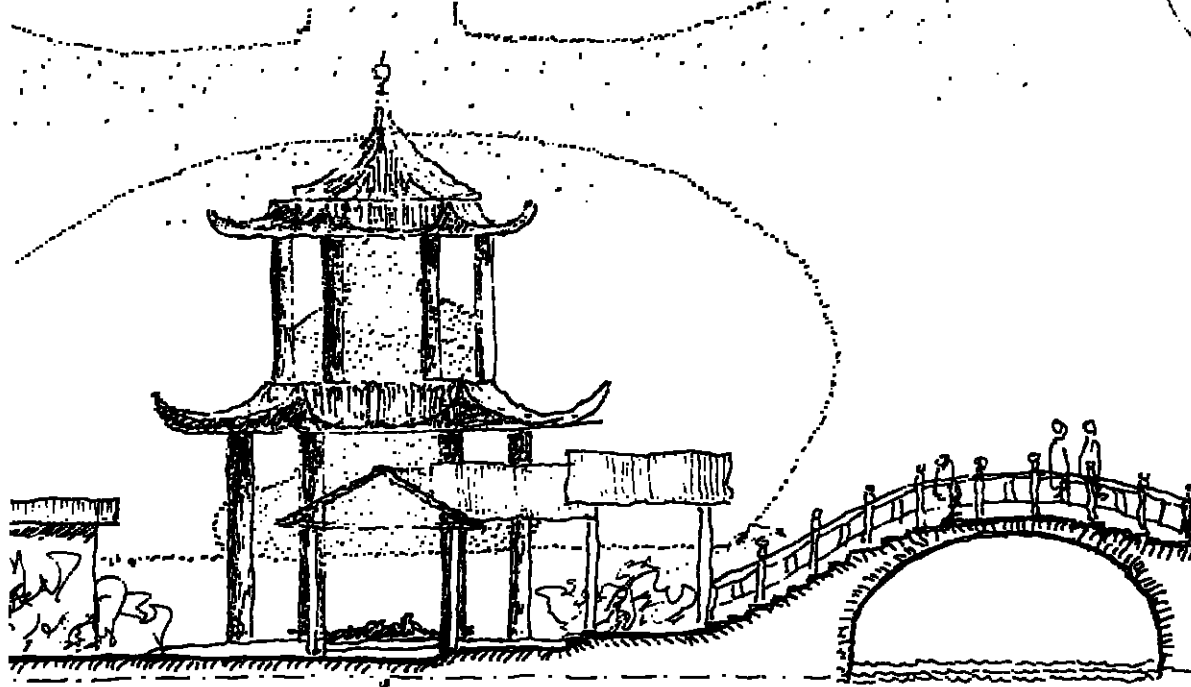
Jellicoe's preparations have ranged from touring Disney World to studying the works of Carl Jung. Planning is completed and construction, which will take five years, will begin in 1992. The Historical Garden represents some 60 years of Jellicoe's thinking and practice, but exhausts neither one. "I've still got a lot of stuff inside me," he says. "One could advance even further."

Trained as an architect, Jellicoe came to landscape in 1924 when one of his teachers advised him to study the then-neglected subject of Italian gardens. Jellicoe's first book, "Italian Gardens of the Renaissance," was published the following year.

His commissions have included the gardens at Sandringham and the Royal Lodge at Windsor and Chequers, and a scheme for the containment of industrial spoil in the Derbyshire Peak District. Not a gardener himself, he worked with Russell Page and for many years his late wife, Susan, did his planting.

"I know the spirit of planting, but I don't know what the plants are. When my wife was alive she would interpret those drawings of mine into plant form. Any good plant designer can do the same."

With his wife, Jellicoe wrote "The Landscape of Man" (1975), a global view of the designed landscape from prehistory to the



Drawing for the Moody Garden: Jellicoe's preparations ranged from touring Disney World to reading Jung.

present day. Dazzling in scope, the book argues that design derives from impressions of the past and that it is impossible to create a work of art without antecedents.

"The challenge of history is not whether it should be studied but which interpretation is constant and therefore alive, and which ephemeral and only academic," he writes.

In 1975, Jellicoe shut down his practice and now works from his flat in London's Highgate. "It's only in my retirement that I started doing any serious work," he says. At 80, lacking a staff, he began making architectural plans for his projects.

"I never was a good draftsman and then curiously enough because I was a good draftsman I slowly developed a plan form which is understandable by the layman." His drawings illustrate his new book, "The Landscape of Civilization," about the Galveston project, just published by the Garden Art Press in Sussex.

The Moody Historical Gardens will be set unimposingly in a salt marsh adjoining a partly-used airfield.

"When I looked at the site, having done all those English stately homes, I said I can't do anything at all. Then I realized the challenge. Can the landscape architect put all the civilizations inside that almost waste area?"

He can. Giving an excited slide show in his flat, Jellicoe describes his interpretation

of what he handily calls "twelve basic cultures and four primevals." He begins with the Garden of Eden and ends chronologically in the 19th century. Islam is evoked by the long lost pre-Islamic Carpet of Chosroes, the Middle Ages by a maze expressing the Christian pilgrim's search for heaven.

There will be, among other carefully plotted sights, ancient domes, a Gernade Jekyl hermitage, the Tracey Waterfall (the cashier at Jellicoe's Highgate bank is called Tracey Waterfall and he thought such a beautiful name deserved immortality), the Lascaux caves, ancient Thebes, Marie Antoinette's hamlet and, finally, a Zen Buddhist garden which Jellicoe calls man's greatest expression of his relation to the cosmos.

"Then we come back through the primeval wood and back home and there you are," he says. While the boat trip takes only 30 minutes, the site can be visited on foot over several days.

Jellicoe is not making reproductions but evocations. He calls his method surrealism, or the projection of the idea or essence of a culture. His view of the surreal, he says, owes much to Jung's work on the subconscious.

"For Jung, the subconscious is a world totally separate from the conscious. When they work harmoniously together, they shall form art. When the two quarrel, it's

chaos. When the subconscious is left to itself, it's probably chaos. It's the combination of the two, you see."

Jellicoe first used the subconscious as an element of landscape design in the John F. Kennedy memorial at Runnymede in 1964 which, according to his biographer, Michael Spens, "comprised both an allegory representing the pilgrimage of man and a place of outward contemplation."

In 1980, Stanley Seeger, an American who had bought Sutton Place in Surrey, asked Jellicoe to design a garden incorporating modern art works. Using history as his base, Jellicoe created a vision of paradise, says one critic, greater than that found in everyday life. "You've got to grip the senses, then you work on the mind and the invisible message gets through," Jellicoe says.

The tourist in his red-backed seat on the Moody Historical Gardens canal will not take in what he has seen for many days after the visit, Jellicoe predicts.

"In the same way that Shakespeare used history to get across ideas that were modern, so one is using history to get across surrealism, which means that you can play with the form but the spirit of history must not be lost," Jellicoe says.

He has in the past quoted a description of architecture which serves for landscape design as well: "Architecture is to make us know and remember who we are."

A Little Milking of the 'Cash Cow'

By William Safire

WASHINGTON — Soda jerks (now called fountain attendants) know that a black cow is a root beer float. What of cash cows? It is apparent that (Mortimer) Zuckerman has improved the magazine during a very difficult period for newsmagazines, wrote Eleanor Randolph of The Washington Post about the owner of the competing U.S. News & World Report. But, "On the business level, the magazine is no longer the cash cow it once was."

Writing about Time's merger with Warner, Newsweek observed "Cable companies can be cash cows, but they periodically dilute earnings while constructing their cable networks." Note the nice adverbial play on *periodical* in that sentence, but the writers may not have been sensitive to the latest and slightly larcenous connotation of cash cow.

This financial slang term, which popped up in the early 1970s, at first meant "a dependable source of profit," with this refinement: "a subsidiary company producing funds used to finance other investments or to purchase divisions of a corporation that do not produce current income."

In the 1980s, however, our innocently bovine locution gained a second sense of "company being abused by predators," as in this angry comment recently quoted in the Los Angeles Times: "Diamond International used United States Playing Card as a cash cow, siphoning money to other areas."

The root of the metaphor is the pejorative use of the verb to milk, in its sense of "to draw off milk or assets as if by milking." (The associated to *blilk*, or defraud, may have come from an amalgam of *to blilk* and *to milk*.) Stuart Berg Flexner of Random House thinks the new noun phrase was influenced by cash crop, and may even be associated with the biblical golden calf, suppose cash flow belongs in that network of roots.

Be careful of the changing meaning of this phrase, and guard against the herd instinct in stretching the metaphor: Forbes was stamped into quoting a businessman in 1977 saying, "As a cash cow turns into a dead horse, it's going to be gotten rid of."

In a related development, U.S. News recently zapped its better-selling rival in this advertisement: "According to The Wall Street Journal, Time magazine is about to reduce their rate base by another 300,000. Which means you'll be hearing a lot of the familiar excuses."

An institution or group is not plural, except in England; the English say *the audience are* and the public *have*, but Americans construe the group as singular. Thus, in referring to a magazine, it is incorrect to write of "their" rate base; it's *its*.

"German Nazism marched under the standards of *revanchism*," Soviet Foreign Minister Eduard Shevardnadze told the United Nations. "Now that the forces of *revanchism* are again becoming active and are seeking to revise and destroy the postwar realities in Europe..."

The Times of London noted the usage: "For decades, the Kremlin used *revanchism* almost as a synonym for West Germany," wrote Charles Bremner, "but Mr. Shevardnadze's words appeared to encompass the nationalist movements erupting across the Baltic region as well as Bonn's policy of welcoming the flood of refugees from East Germany."

Here's an old term we'll be hearing more from. *Revanchism* is rooted in the French *revanche*, "revenge"; in diplomacy, it is the determination of a state to regain territory lost in war or through a treaty signed under duress.

Queen Victoria first used the French word ironically in English in an 1858 letter: "She never allows a word to be said against Leopold who in *revanche* is much kinder to her than he was." In 1926, The Scots Observer gave it the political twist: "It is France's policy toward Germany that the sores be kept open even if they give a handle to Monarchist revanchists."

After World War II, Soviet speakers picked up the word to reply to Germans who wanted the renunciation of their country. "Far from being an instrument of either 'American aggressors' or 'German revanchists' (as Soviet propaganda would picture it)," wrote The New York Times in 1955, "the North Atlantic alliance is entirely a defensive organization."

The word has always been used pejoratively, since *revanche* is supposed to be left to the Lord. Nobody identifies himself as a revanchist, because we attribute higher motives to our policies than merely getting even; *self-determination*, *ethnic pride* and *nationalism* are tossed about, but for an upbeat connotation and a scholarly cachet, see your *irredentism* twice a year. *Irredentism*, from the Italian *irredenta*, "unredeemed," has associations with theology — "not in a state of having made amends to God" — but *redemption* was the political motive of Italians in the 19th century who wanted to incorporate certain regions like Trieste (*Italia irredenta*) into the mother country.

Neither word can properly be applied to advocates for the Baltic nations, which are seeking the re-establishment of their previous independence, but that might not stop Soviet officials.

When you spot a redundancy, do you shrug your shoulders? Michael J. Saxton of Davis, California, forwarded a memo from the chancellor of the local University of California that created "an ad hoc task force," as if all task forces were not by their nature *ad hoc*. Latin for "to this," meaning "for this task only."

I was taken to task for referring to "the Negev desert." Wallace Alcorn of Austin, Minnesota, points out that *Negev* means "desert" (as well as "south") in Hebrew. The writer aware of meanings uses words as "desert," unless thinking that readers do not know it's a desert; same thing with the *Sahara*, rooted in the Arabic for "desert."

Years ago, the Wall Street firm of Salomon Brothers had "Cold Gazpacho" on its menu, but that went a chill through fastidious diners: All gazpacho is cold. Refer back (No!), if you wrote that to the opening sentence of this item. When I wrote that *not a few* of us were shugging our shoulders at the use of *irredentism*, the double negation, Ed Caslin of New York objected: "He shugged is correct and adding *his shoulders* is incorrect."

A shrug was originally a shiver or shudder, but became a lifting or drawing up of the shoulders in an expression of indifference, distaste or puzzlement. Only shoulders are for shugging; you cannot shrug your eyebrows, even though you can lift them. As the counter Claude Montana would say, with an eye to the 1990s, drop the shoulders.

New York Times Service

INTERNATIONAL CLASSIFIED

PERSONALS

SACRED HEART OF JESUS and Saint Jude, grateful thanks. J.A.

TENDER NOTICES

NOTICE TO BIDDERS

Sealed proposals for the supply of and/or installation of 220 volt kitchen cabinets and bathroom vanities at Stratton at Spring Creek Rd. to be received by Greiner Realty Corp. Agents for Stratton City Associates at 115 E. 115th St., New York, N.Y. 10029, until 10:00 A.M. on December 20, 1989 at which time 3 places provided by the Greiner Realty Corp. will be opened by public opening and read aloud. All bidders are invited to attend. Determination of award will be made as soon thereafter as possible. A bid bond, payment & performance bonds and certificates of insurance for coverage indicated in the contract documents are required. A full description of the work and other requirements, provisions, specifications & drawings, including qualification requirements, are given in the information & contract documents which will be available at the aforementioned address commencing November 8, 1989. Interested parties are requested to call Mr. Patrick J. Lofano, Stratton Purchasing Manager, at 718-442-0700 for details. Stratton City Associates is an Equal Opportunity Employer. Minority-owned and women-owned businesses are encouraged to submit bids. Stratton City is sponsored by the New York State Division of Housing and Community Renewal and managed by Greiner Realty Corp.

MOVING

1992 - NOW!

interdean

INTERNATIONAL MOVES FOR A FREE ESTIMATE CALL PARIS (1) 39569000

ALLIED VAN LINES NICE, CANNES, MONACO. COMPAGNIE GENERALE. B.P. 40, 06231 Nice Cedex. Tel: 93.21.35.72

MARTINI TECHNOLOGIES - NICE / CANNES. Tel: 93.34.44. Overseas Moving - Storage - Packing - Airfreight Shipping. Cur/Baggage, Clearance.

REMODELING OF FLATS & OFFICES in Paris. Experienced architect, rates. English spoken. Tel: 46.55.11.05

COMMERCIAL PREMISES

PARIS 6th. SAINT GERMAIN DES PRES 472 sqm. Freehold, commercial or professional use. Expat. Owner Tel: (1) 42.55.55.55

PARIS 6th. SAINT GERMAIN DES PRES 472 sqm. Freehold, commercial or professional use. Expat. Owner Tel: (1) 42.55.55.55

BUSINESS OPPORTUNITIES

OFFSHORE COMPANIES FROM ONLY \$100

COMPANY OF THE YEAR

* HONG KONG \$100

* BAHAMA \$100

* GIBRALTAR \$100

* SALE OF MAN ISLAND

* TURKS & CAICOS \$100,000

* UK \$100

For immediate service and brochure by return contact:

Jon Stronach BA INTERNATIONAL COMPANY SERVICES LIMITED Sovereign House, Station Road, St. Johns, Antigua, Barbados. Tel: (0624) 801801 Fax: (0624) 801800

TAX HAVEN DOMESTIC FOR 530 Month: secrets of Lloyd's of London, 2nd nationality successful opportunities, overseas. Free information. Scope Books, Box 463, 62 Murray Road, Horden, Durham, UK. Tel: 091 705 59175 Tel: 44 705 59225

* EAST EUROPEAN BUSINESS OPPORTUNITIES: USSR, Hungary, Poland, White for free. Bulletin to OSHA GmbH, 12023 Berlin 00134 Bonn, Italy. HONG KONG CORP. \$500. Annual cost \$315. 50 Ltd. 701, 28 Queen's Rd. Tel: 88704. Fax: 88234-00271

BUSINESS OPPORTUNITIES

OFFSHORE COMPANIES

TRUSTS INSURANCE COMPANIES. BANKS

We are ten years established in providing offshore services to companies registered in all major offshore jurisdictions.

ASTON CORPORATE MANAGEMENT 1st Floor, 100, The Quadrant, London EC2A 4DP. Tel: 0242 25971. Fax: 0242 25725

Premier House, Westminster, London. Tel: (1) 222 8866 Fax: (1) 223 1519

INTERNATIONAL OFFSHORE COMPANY MANAGEMENT SERVICES LIMITED. Tel: (0215) 551515

Comprehensive professional services include:

• Corporate formation, registration, incorporation, restructuring, liquidation, dissolution, mergers, acquisitions, takeovers, etc.

• Powers of attorney, letters, telegrams, fax, mail forwarding, etc.

• Island Residency, Citizenship, Naturalization, etc.

• Phone: (0204) 801801

Tel: 02042 801801 Fax: 02042 801800

1992 OPEN. Are you considering transferring your funds for 1992? Does the cost of transferring your funds hold you back from making the most of your money? We have the solution. We have been in Paris 12 years, with 20 years experience in export, available to you. We are now in the UK. Tel: 011 425 59175 Tel: 44 705 59225

LONDON ADDRESS: BOND STREET, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959,